FINANCIAL TIMES

No. 27,20· Tuesday March 1 1977 15p

CONTINENTAL SELLING PRICES: AUSTRIA Sch.15; BELGIUM Fr.25; DENMARK Kr.3.5; FRANCE Fr.3.0; GERMANY DM2.0; ITALY L.500; NETHERLANDS Fl.2.0; NORWAY Kr.3.5; PORTUGAL Esc.20; SPAIN Pts40; SWEDEN Kr.3.25; SWITZERLAND Fr.2.0; EIRE 12p

NEWS SUMMARY

GENERAL

Amin asks Britons to 'go'

...residents in Uganda ...een asked to attend President Amin's meeting to-morrow ...ng with more than 200 ...cans in the country, ...ding to unconfirmed ...s in Nairobi.

...oot Amin, reported by ...a radio to be in a "jovial ..." said yesterday that the ...g with the Americans was ...arranged at their request. ...while, it was suggested in ...a that groups of Cubans ...ppeared in Uganda, work... political propagandists ...gees arriving in Kenya ...that Maj.-Gen. Francis ...weso, former Minister of ...e and Community Development had been arrested. Uganda Page 6

...arrested in crime swoop

...een men and a woman were held and questioned after ...es of arrests by Scotland ... detectives investigating ...l major crimes of the past ...ars. Three of the men were ...g inquiries after police ...hed raiders allegedly pre... to attack an armoured ...ty van in south London ...day. Another two were be...iestioned over the raid at ...ayfair branch of the Bank ...eria. More than 100 de...s, many of whom were ... took part in yesterday's ...ion, which followed 18 ...s observation.

...d chief 'took ...,000 bribes'

...tland Yard Commander, ...B. Virgo, 59, whose ...sibilities included the ...ne Publications Squad, ...early £60,000 in two years ...corrupt payments, the ...ution ...eged at the Old ... where five former police ...s and one suspended ...ive-sergeant were variously ...d on 27 counts of con...y and bribery involving ...than £36,500.

...el award

...Clive Jenkins and his ...iation of Scientific, Technical and Managerial Staffs have ...awarded £3,100 damages by ...h Court libel jury over the ...ist Worker's attack on ...S' cheap Spanish holiday ...o members. The defendants ...erder to pay costs, esti... at £4,000.

...dier jailed

...year-old Cheshire Regiment ...e who shot dead a civilian ...g an Army base in a bus ...ar was jailed for five years ...manslaughter at Belfast City ...ission. Ulster violence, ...5

...beginning

... is expected to open with ...spell and become unsettled ...e month proceeds, the ...ogical Office said. There ...be widespread frost at ...

...ffy . . .

...e spending cuts are ...ed to "slim the tail and not the teeth" of the armed ... Mr. Fred Mulley, Defence ...ary said. Back and Page 38

...rains collided head-on in ...ina, killing at least 22 ... and injuring nearly 100

...Dan Smith, 61, a leading ... in the Poulson affair, who ...iled for six years in April ... to be released on parole

...gton, New Zealand, police ...d a man who produced an ... as the Queen arrived to ...Parliament.

...r expert Mr. Richard ...Williams, claimed in the ...Court that he is owed ... by British banks, which ...s, have pirated his com... clearing system.

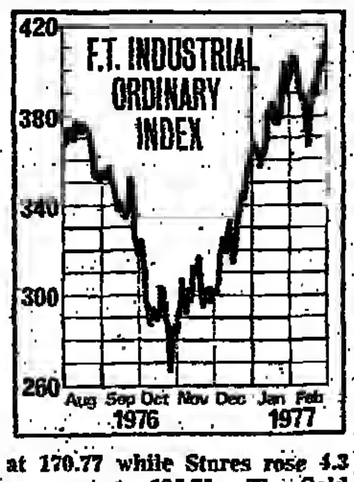
BUSINESS

Sterling up ½c; equities gain 9

● STERLING gained 53 points to $1.7138; its weighted depreciation narrowed to 43.1 (43.3) per cent. The dollar's improved to 0.54 (0.62).

● GOLD rose $3 to $143¼, its highest level for 15 months, in active trading ahead of Wednesday's IMF gold auction. Banks may intervene in gold market, Page 10.

● EQUITIES began the new account on a bright note. The FT 30-Share Index rose 9 to 410.7, its highest since May. The All-Share was 2.1 per cent. up



at 170.77 while Stores rose 4.3 per cent. to 125.75. The Gold Mines Index gained 8.2 to 133.4, more than 40 per cent. above its level a month ago.

● GILTS also rose, with gains extending to 1¼. The Government Securities Index was 0.49 up at 65.60.

● WALL STREET was 1.00 up at 954.51 near the close.

● U.S. INDEX of leading economic indicators fell 1.2 per cent. in January to 127.4. The monthly trade deficit was an all-time high at $1.67bn., mainly due to the adverse weather. Page 7

Wilson urges Treasury split

● SIR HAROLD WILSON joined the growing number of senior political figures who advise dividing the Treasury. Back Page

● CORPORATION TAX payments are sharply higher than a year ago, with Inland Revenue receipts for January 51 per cent. up at £1.11bn. Back Page

● THE CBI is to launch a campaign for a system of relating pay settlements to what the nation can afford. Free collective bargaining had become inherently inflationary said the director-general yesterday. Back Page

● KEY FRENCH motor, steel and aerospace companies are to introduce further lay-offs because of weakness in demand. Page 5

● U.S. TREASURY Secretary has warned New York City that he has "some doubt" over whether to advance the city another $225m. to keep it solvent next week. Page 7

● SAUDI ARABIA has asked India for help in establishing a steel plant. Cuba said it was prepared to undertake joint ventures with Western companies to exploit the island's economic potential. Page 8. The Lisbon Stock Exchange re-opened for the first time since April 1974. Page 4

COMPANIES

● SEDGWICK FORBES pre-tax profit for 1976 rose 61 per cent. to £16.77m. Chairman said prospects continued to be good. Page 31 and Lex

● MATSUSHITA Electric consolidated earnings for the year to November, 1976 more than doubled to Y65.7bn. (£137.4m.), while sales were a record at Y1,707.3bn. (£3.57bn.). Page 37

...F PRICE CHANGES YESTERDAY

(...s in pence unless otherwise indicated.)

RISES

...r 12¾pc1981	£103⅝	+ [illegible]
...ry 13¼pc 1996	£109¾	+ 1¼
... Retailers	86	+ 7
...otive Products	70	+ 7
...Rubber	106	+ 8
...n & Noakes	148	+ 12
...	144	+ 7
...n A	72	+ 8
...ari	52	+ 6
...mercial Union	121	+ 6
... Leisure	119	+ 9
...ocomponents	134	+ 10
...(Wimbledon)	90	+ 23
...ne House	30	+ 9
...A	186	+ 10
...bin	98	+ 8
...oper	75	+ 9
...e Brydone	48	+ 10
...& Spencer	105	+ 3
Mixconcrete	64	+ 10
Newman Inds.	58	+ 8½
Sayers (Confect'ers)	32	+ 13
Sheffield Brick	90	+ 16
Tecalemit	70	+ 12½
Thomson Org.	455	+ 15
Tube Invs.	392	+ 10
United Scientific	190	+ 18
Ball & Collins	66	+ 9
Oil Expln.	86	+ 8
Shell Transport	518	+ 10
Ultramar	160	+ 4
Guthrie Corp.	195	+ 10
Buffels	845	+ 65
Cons. Gold Fields	175	+ 10
Marievale	80	+ 12
Pacific Copper	35	+ 5
Union Corp.	235	+ 20
Welkom	175	+ 20

FALLS

Ransomes, Sims, Jeffs	118	− 5
Slimma	89	− 7

Enterprise Board warns Leyland on cost of strikes

BY TERRY DODSWORTH AND ALAN PIKE

The National Enterprise Board warned Leyland last night that it would not help the company out of any of the financial problems it is causing itself in the present round of disputes.

The implication of this warning, issued in a letter sent to the Leyland management, is that there will have to be cuts in the group's development plans if there is not a swift return to industrial peace.

In a similar message delivered in the House of Commons earlier in the day, Mr. Gerald Kaufman, Minister of State at the Department of Industry, said that the company was "in danger of bleeding to death."

The problem of pay differentials over which the Leyland toolmakers were now on strike was an important one, he added. But the most serious question now was that of survival.

Mr. Kaufman's remarks, made in the absence of the Industry Secretary, Mr. Varley, who has flu, leave the ball firmly in the court of British Leyland and the striking toolmakers.

This means that there is likely to be little movement from the company before the weekly meeting of the Amalgamated Union of Engineering Workers executive in London to-day. The executive has already appealed to the strikers to go back to work.

With the crisis deepening yesterday, however, as all Mini production was halted at the Longbridge plant in Birmingham, it is clear that the company is running out of time before it has to begin a widespread revision of its investment plans.

Since these plans depend on the company generating its own funds to add to those provided by the National Enterprise Board for capital investment, Leyland needs a relatively peaceful industrial atmosphere to carry out its recovery programme.

Several investment plans are in the pipeline, including the new Mini programme, foundry developments, a new test track and engineering centre and several factory modernisations.

All of these must now come under consideration for pruning, along with the possibility of some cuts in factory facilities.

Defiance

The National Enterprise Board letter, which also went to the Industry Department, was signed by the whole Board, which includes Mr. Harry Urwin, deputy general secretary of the Transport and General Workers Union and two other prominent trade unionists.

At their next meeting, executive members of the engineering union have to decide what action to take in view of the total defiance of an instruction to return to work by the 3,000 striking toolmakers in 11 Leyland Cars factories.

The strength of the strikers' hostility to the AUEW executive view that they should call off their action became clear at Leyland's Longbridge, Birmingham, factory yesterday when shop stewards refused even to meet Mr. Bert Benson, the union's West Birmingham district secretary.

Mr. Benson had gone to the factory to urge 45 toolroom shop stewards to support a return to work and hoped afterwards to make a similar appeal at a meeting of 1,000 Longbridge toolroom workers. But shop stewards turned away men arriving for the meeting and Mr. Benson left the plant without addressing either the strikers or shop stewards.

Mr. Derek Willis, vice chairman of the toolroom committee at Longbridge, read a statement after the shop stewards meeting saying: "The district secretary of the union had not been invited to this meeting and so he was refused admission."

As there had been no change in the situation since the strike started, no useful purpose would have been served by holding a meeting of members, added the statement.

The AUEW's East Birmingham district secretary, Mr. Ken Cure, will attend to-day's executive

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Editorial Comment Page 18

Vance favours tough laws on Arab boycott

BY DAVID BELL WASHINGTON, Feb. 28.

MR. CYRUS VANCE, the U.S. Secretary of State, told Congress to-day that he favoured tougher legislation to prevent U.S. companies taking part in the Arab boycott of Israel.

He noted that President Carter had been strongly opposed to the boycott during the election campaign and said that he was still against it. However, he said his recent trip to the Middle East had shown him the concern with which Arab leaders viewed U.S. opposition to the boycott.

Rules relaxed

"We believe that carefully directed legislation combined with diplomatic action can protect our interests. I want to emphasise our intention to maintain close and friendly relations with the countries of the Middle East," he said. He noted that, as reported last week, a number of Arab States had now relaxed the certificate of origin rules prescribed by the boycott.

Mr. Vance said that the Administration believed that companies should be explicitly prohibited from responding to boycott-related requests for information on religion, race, or national origin.

"We also believe that decisions as to what commerce U.S. firms may or may not have with other countries or with other firms should be made, consonant with American policy, by Americans and only Americans," he said.

However, this principle raised difficult questions about enforcement and about the motives of companies operating overseas. The Administration wanted to operate with Congress to see how this principle could most effectively be expressed in legislation.

It was important to provide companies with "clear and realistic guidance on how to conduct trade in boycott-related situations."

The new anti-boycott law, he went on, should not generally apply to "transactions of foreign subsidiaries of U.S. firms which involve the commerce of a foreign country and not U.S. exports." It should apply "in cases in which any U.S. firm seeks to use foreign subsidiaries in a manner intended to circumvent the law."

Period of grace

The Administration wanted the new anti-boycott law to pre-empt the various State laws against the boycott. Mr. Vance said that a period of grace — so far of an undefined length—should be included "with regard to existing transactions and under existing commitments."

These statements about the boycott are much stronger than those of the Ford Administration. But Mr. Vance was careful to qualify them where possible and to note that Arab States "have the right to control the source of their imports as well as their exports." In spite of this, the U.S. "views as a different matter efforts by any foreign countries to influence decisions and activities of American firms in connection with any primary boycott of another country."

Commercial Union recovers with a £47m. profit

BY ERIC SHORT

COMMERCIAL Union Assurance, Britain's largest insurance company, staged a strong recovery last year with a pre-tax profit of £47m., following the disastrous performance in 1975 when a pre-tax loss of nearly £16m. (on 1976 exchange rates) was recorded.

Underwriting losses for the year were cut by half to £60m., while investment income improved by 7 per cent. to £124m. The after tax profit amounted to £30m. against a loss of £5m. previously.

The company has declared an unchanged dividend for 1976 of 6.545p net which will cost £21.4m. Thus the company has achieved its modest aim for last year which in the words of Mr. Gordon Dunlop, the group's chief executive, was to cover the dividend and put a bit away to reserves.

Results in the U.S., Commercial Union's largest area of operation, showed a marked improvement last year with underwriting losses reduced to £27m. from £75m. previously. This very poor performance in 1975 was the major contributing factor to the group's worst-ever result that year.

Mr. Dunlop reported that the improvement reflected the corrective measures put in hand to reverse the trend in the U.S. and the substantial rate increases made in 1976. The growth of investment income in the U.S. by one-third to £40m. more than offset the underwriting losses there.

However, Commercial Union's recovery last year was hampered by the adverse performance in the U.K., where the long dry summer was a natural disaster as far as insurance companies were concerned. Subsidence claims cost the company £4m., with more to come this year, and was one of the factors in underwriting results plunging to a £12m. loss compared with a £10m. profit in 1975.

Adverse motor performance was also a contributory feature —an 18 per cent. rate rise is forecast in the next two months. Mr. Dunlop also referred to a rising new trend in liability claims in the U.K. resulting from newly identified industrial diseases, which cost the company over £4m. Liability rates were being increased by as much as 100 per cent. to meet this adverse feature.

Mr. Dunlop expected the U.K. account to improve towards the end of the year and he looked for a better performance from the U.S. He did not consider that results in Western Europe and Australia would be much different from 1976.

The stock market reacted favourably to the results, which were better than forecast. Not only did Commercial Union share price move ahead 6p to 121p, but sentiment throughout the composite sector was also boosted.

Report, Page 32. Lex, Back Page

Ferranti plans 3,500 new jobs

BY CHRISTOPHER LORENZ

FERRANTI, which employs nearly 17,000 people, plans to create 3,500 jobs over the next five years with the help of an annual investment programme of at least £8m. But Mr. Derek Alun-Jones, managing director, says in the latest issue of his company newspaper that this depends on the elimination of all loss-making activities.

This is an essential part of job creation, he says, "because if we go on making losses we won't achieve a 20 per cent. return (on capital employed), we won't be self-funding, and there won't be any new jobs. In fact, existing jobs could be in jeopardy."

These targets formed part of the five-year plan which Ferranti presented to the National Enterprise Board, its main shareholder, last autumn. Earlier it had reported much improved profits for 1975-76, though its transformer and electronic components divisions were still in the red.

Ill-health forces Biffen to resign

By Richard Evans, Lobby Editor

MR. JOHN BIFFEN, one of the most able and thoughtful members of the Shadow Cabinet, resigned as Opposition spokesman on industry yesterday, and return to the back benches on health grounds.

Mrs. Margaret Thatcher, the Conservative leader, has appointed Sir Keith Joseph to be spokesman for industry, in addition to his responsibilities for policy and research.

Although Mr. Biffen had made relatively little impact in Parliament as industry spokesman, or previously as energy spokesman, he is regarded as a politician of great potential, who has been tipped as a future Chancellor of the Exchequer.

Mrs. Thatcher accepted his resignation "with great regret" and hoped that "he will soon be fit again and able to play his part in a Conservative Government." But whether his health will stand the stress of high office remains to be seen. Mr. Biffen is 46.

Although the resignation was on health grounds—Mr. Biffen decided to return to the back benches because of overstrain —there are a number of policy issues on which he could have found himself out of step with his Shadow Cabinet colleagues.

He is a convinced opponent of devolution, and said recently that there was no half-way house between home rule and the unity of the U.K., and he is still fundamentally opposed to the concept of the Common Market.

This could have brought him into conflict with the Shadow Cabinet when the issue of direct elections to the European Parliament becomes more urgent later this year.

His departure will be a particular blow to the Right-wing of the Conservative Party, who looked on Mr. Biffen, a friend and former supporter of Mr. Enoch Powell, as one of their natural leaders.

For many years he was regarded as an able backbencher of deep political principles who showed no interest in office. But after 15 years as MP for Oswestry, Mrs. Thatcher persuaded him to join the Shadow Cabinet as energy spokesman.

Mr. Edward Heath had made approaches to Mr. Biffen to join the Conservative front bench, but the two men were unable to resolve their political differences. At that time, Mr. Biffen was regarded as being too close to Mr. Powell in his economic views.

But since the accession of Mrs. Thatcher, many policies of the Shadow Cabinet have moved significantly towards those of Mr. Biffen.

Nuclear fuel treatment plant plan

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITISH NUCLEAR FUELS has applied for planning permission to build a £350m. nuclear fuel reprocessing plant at its Windscale, Cumbria, factory to treat oxide fuel from domestic and overseas stations.

The decision of whether or not to seek permission has been in doubt since Mr. Peter Shore, Secretary for the Environment, announced late last year that he would call for public inquiry into any application.

At the same time, Mr. Shore indicated that if British Nuclear Fuels submitted its plans again for the redevelopment of Windscale in three parts, he would probably give the go-ahead to two. Thus, British Nuclear Fuels is submitting plans in several parts. The first two, for which approval is expected, are:

1. Magnox reprocessing—the treatment of spent metallic uranium fuel from Britain's first-generation reactors, and from two reactors overseas. The company plans to invest £245m. refurbishing its magnox facilities, which also have a vital military purpose in the treatment of plutonium explosive for nuclear weapons. It applied for outline planning permission for the work earlier this year.

2. Harvest—the company plans to invest £40m. to demonstrate a method of solidifying the highly radioactive waste from reprocessing operations. It has just applied for planning approval for the first Harvest facilities.

The reprocessing plant for spent oxide fuel has been subdivided into the chemical plant itself, and its associated storage capacity for the incoming fuel.

British Nuclear Fuels hopes that permission will be forthcoming for the storage — deep concrete ponds — while the public inquiry examines proposals for the chemical plant.

If so, it will be able to continue to import oxide fuel from customers such as Japan and West Germany, as well as storing spent fuel from Britain's latest nuclear power stations.

The Japanese electricity industry, with which British Nuclear Fuel has been negotiating a contract worth about £500m. to transport and reprocess 1,635 tonnes of spent oxide fuel, has said that it is prepared to wait for the outcome of the public inquiry provided it can continued to send spent fuel to Britain.

'Important'

The Government has given tacit approval by renewing British Nuclear Fuel's licene to import fuel, and this year the company expects to import about 90 tonnes. But it will need considerable new capacity to accommodate the quantities that will be arriving in the 1980s if the oxide reprocessing plant goes ahead.

In the Commons debate on the nuclear industry last month, Mr. Anthony Wedgwood Benn, Secretary for Energy, said that it was "important that the company should be able to keep open with its customers the option of undertaking reprocessing business should permission to build the plant be granted."

The company said last night that whatever the outcome of the inquiry into the reprocessing plant, it would require substantial storage capacity for oxide fuel from Britain's AGR stations. But it would then be faced with the problem of disposing of the highly radio-active fuel.

FEATURES

ON OTHER PAGES

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LOMBARD

Banks and the Third World

BY TONY HAWKINS

ANYONE attending last week's Financial Times Conference on the future of the Euromarkets will not have been surprised by the subsequently published remarks of Dr. Arthur Burns and Mr. David Rockefeller on bank lending to non-oil less developed countries. At the conference, delegates were left in little doubt that the rate of bank lending to LDCs would inevitably slow in the next few years, and this was underlined by Dr. Burns who revealed that he had warned leading bankers "in strident tones" about the risks of non-repayment of some of the estimated $50bn. in outstanding commercial bank loans to LDCs. Mr. David Rockefeller, chairman of Chase Manhattan Bank, followed up by saying that his bank was being "considerably more selective" in its lending policy.

Major gap

While there is disagreement on the question of whether or not U.S. banks are overlent to LDCs, there is general acceptance that any fall-off in the rate of such lending will leave a major gap to be filled. Commercial bank lending has grown rapidly during the 1970s, plugging the financing gap created by the failure of official flows to keep pace with the burgeoning LDC deficits caused by the oil price rise and the recession. In 1970, such lending accounted for only a small percentage of capital flows to the Third World, but in the 1971-73 period it provided 20 per cent. of new finance rising to 42 per cent. in 1974-76.

For all its importance in terms of the volume of foreign capital, Euromarket lending—and especially the medium-term syndicated credits—is not an ideal source of funds for LDCs. They need funds for longer periods than the 5 to 7 years maturity offered; the cost is both relatively high and, to the extent that it is linked to the movement of the Libor rate, it is uncertain; banks have provided loans that too often have been used to finance consumption (especially fuels) rather than investment or have been devoted to eye-catching, prestige projects.

Such disadvantages notwithstanding, it is obvious that the LDCs would not have achieved the growth rates that they did enjoy in the first half of the 1970s without this very substantial volume of bank credit. If the [illegible] is now to slow down, what alternatives are available?

The most obvious are the official aid and investment flows whose relative importance has fallen from about 65 per cent. five years ago to just over 50 per cent. But unless far-reaching steps are taken soon both to enlarge and to restructure the existing framework for official capital flows, a sizeable gap will remain to be filled from elsewhere.

Two other main options have been suggested. First, increased use by the LDCs of international bond markets as a source of long-term (10 to 15 years) capital at fixed rates of interest.

Second, LDCs could make greater use of long-term private sector flows in the form of direct and portfolio investment. This was suggested at the conference by Mr. John Forsyth, chief economist at Morgan Grenfell, who argued that LDCs should be prepared to pay an above-average rate of return on such capital in order to finance their external deficits. The obvious snag here is the trend towards state ownership in many Third World countries which is a powerful deterrent to long-term flows.

From the viewpoint of a developing country, the kind of options on offer—such as those aired last week—are both depressing and unsatisfactory. This is partly because the bankers in advanced countries tend to be preoccupied with the problem of the LDC foreign-exchange gap, whereas those responsible for economic management in such countries must take a far broader view.

Structural

Apart from the aid agencies and the academics, very little attention is focused on the domestic structural problems of the LDCs relative to their external structural payments problems. Both the banks and the international corporations could play a significant role in helping the LDCs to deal with the "domestic" issues. The banks, by way of joint ventures and advisory services, could help the LDCs to mobilise far more effectively than at present domestic savings, assisting in the provision of the financial infrastructure that is essential.

The business corporations could identify with the countries where they operate by encouraging the development of domestic capital markets. For the multinational, surely it is better to have 49 per cent. of the equity owned by individual investors with shares listed on a domestic Stock Exchange, than to have 51 or 60 per cent. of the equity in the hands of the Government? Above all, there is a very strong case for giving much more explicit consideration to the internal structural problems of a Third World economy when providing external finance than the banks have hitherto been willing to acknowledge.

RACING — BY DOMINIC WIGAN

Golden outlook for Rimell

FRED RIMELL, whose record-breaking hurdler Comedy of Errors took his winnings to almost £100,000 when scoring at Fontwell yesterday, looks all set to add to his score at Doncaster this afternoon, provided that frost does not again rule things out.

Here I do not intend to oppose his promising young novice Double Negative in the 2½ mile Wheatley Park Chase.

A length winner from Why Go at Wolverhampton in December, Double Negative then ran well to be third behind two more experienced rivals, Ebony Rock and Brown Jock, at Lingfield before regaining winning form, with a 15-length success over Widden Hill at Newbury.

He seems certain to outclass his four opponents, the best of whom may be the youngest in the field, Autumn Rain.

Later I expect proceedings to be dominated by Gordon Richards, whose Greystoke stable, Penrith, could hardly be in better form. I take him to bring off a double through Bula's half-brother, Pattern Maker, and Levelled Out.

Levelled Out, an easy winner at Newcastle ten days ago, appears a cut above the opposition in the Auckland Hill Hunters' Chase. He could be the best bet on the programme.

Whatever the fate of Doncaster, racing should be possible at Warwick, where the ground will be very testing.

The most important event is the three mile five furlong Crudwell Cup, in which King Flame will try to concede from between 5 and 21 lb to his 11 rivals, including the course winners, False Note, Cornish Princess and Hinterland.

Although his chance must be respected, King Flame does not appear to have as good an opportunity as at yesterday's abandoned Doncaster meeting I pass him over in favour of Hinterland.

On his only previous run this term the 11-year-old Hinterland, ridden as usual by that experienced amateur Dr. David Chesney, put up a highly encouraging display when outpacing Dreamalong in the George Coney Challenge Cup over to-day's course and distance.

Hinterland is sure to have come on a few pounds as a result of that race, and appeals as a better prospect than the almost certain favourite, False Note, a short-priced favourite for the abandoned Joe Coral Welsh Grand National.

In spite of the strong claims of the Tony Dickinson-trained Moat Hero in the opener, Division 1 Part 1 of the Watergall Novices Hurdle, I am prepared to go along with the possibly underrated French Rebel, who had 15 lengths to spare over Grinling Gibbons when scoring at Fakenham last time out.

There was no semblance of a fluke about French Rebel's victory there, and he may make all his own running.

In the hunter chase, the 3½-mile North Warwickshire Chase, I believe proceedings will chiefly concern Tartan Slave and Linden Lad.

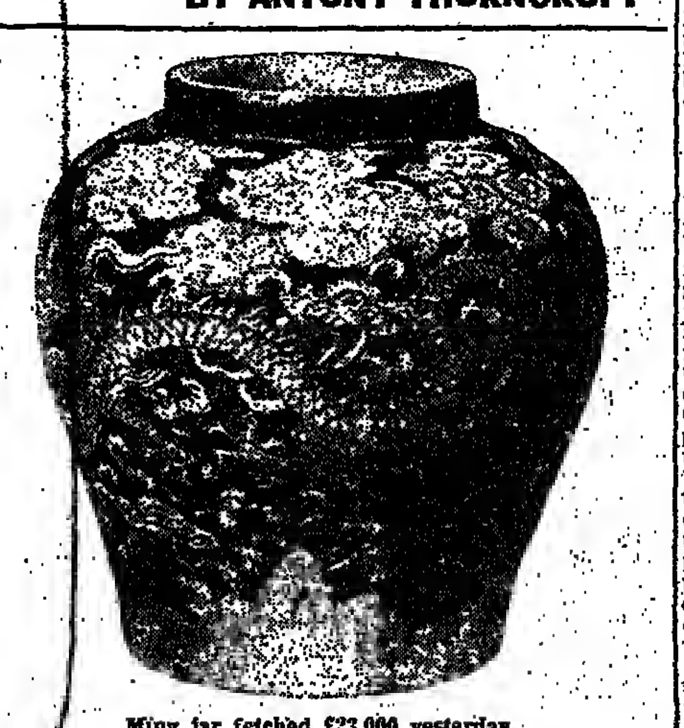
Though he has a fine record here, the first-named may be hard-pressed to concede 5lb to the improving Linden Lad, who showed that a race such as this would soon come his way when running the smart High Ken to four lengths at Wolverhampton.

DONCASTER
2.00—Double Negative
3.00—Poor Boy
3.30—Pattern Maker
4.00—Levelled Out***

WARWICK
1.45—French Rebel
2.15—Mr. Bojangles
2.45—In Chancery
3.15—Hinterland**
3.45—Bronson
4.15—Linden Lad*
4.45—Sound Prospect

SALEROOM — BY ANTONY THORNCROFT

Ming jar fetches £23,000


Ming jar fetched £23,000 yesterday.

THERE WAS one very good price at a sale of Chinese ceramics at Christie's yesterday. A private buyer paid £23,000 (plus the 10 per cent. buyers premium) for a Ming red and yellow baluster jar from the Chia Ching period. The price was almost three times the pre-sale estimate.

The auction totalled £50,859, with the proceeds going to the National Trust and one other charity. The items had been collected by Richard and Margaret Flint of Connecticut. Other prices of note were the £1,200 for a Southern Sung dynasty Lung-Ch'uan pear shaped bottle, and the same sum for 12 famille rose plates painted with flowers, bought by Cohen and Pearce.

Phillips held one of its more important 19th century picture sales which totalled £115,800. "The Studio" by Baron Hendrik Leys went to Newman for £7,800; a coastal scene by Hermanus Koekkoek, Snr., sold to McConel Mason for £5,200; a Jacob Maris landscape was bought by Lunshof Maris for £4,800; and Appleby bid £3,800 for a coastal scene by William J. J. C. Bond.

A great deal of Sotheby's attention at the moment is concentrated on Mentmore. Until the Government decides—it has until April 5—whether to buy Lord Rosebery's estate Sotheby's is [illegible] ahead with the sale of the contents, scheduled to start on May 18. It is printing the catalogues, perhaps with the view that they will be collectors items even without the auction. As an incentive a set of five can be acquired for £20 for money received before March 21.

CRICKET — BY HENRY CALTHORPE

Sri Lanka not yet ready for full Test status

COLOMBO, Feb. 28

ON THE EVIDENCE of the past few days here at the old Colombo Oval, Sri Lanka are not yet ready for full Test status. MCC have, rather surprisingly, played just about their weakest combination against them and at no stage while it mattered were the local side in contention. The match was drawn, but Sri Lanka's failure has been deeply disappointing to the many passionate lovers of cricket in an island where the game flourishes.

Cricket had been built up here in such a way that it seemed as if victory or even a highly creditable draw would automatically ensure Sri Lanka election as a full member of the International Cricket Conference, which must happen before a country can play Test cricket. Now there is a quiet feeling of despair.

It is symptomatic that the game against MCC, a highly dedicated bunch of professionals who have just come successfully through a difficult and exhausting three months in India, should have been regarded as Sri Lanka's ultimate Test qualifying match. Of course, had Sri Lanka won it would have strengthened their case, but the truth—which is that they have been mostly outplayed—has not totally destroyed it, either.

Tradition

Since 1882, Sri Lanka has played against overseas sides more or less on a grace and favour basis. The accident of geography has placed the island in a satisfactory spot between England and Australia and for many years it was an accepted tradition that sides travelling either way would stop in Colombo, stretch their legs, and play a couple of matches against the locals.

It made a pleasant break in the voyage and provided the opportunity to see a beautiful tropical island. It gave the players a chance to flex their muscles before the more serious cricket which lay ahead, and of course it allowed old friendships to be renewed.

There was never any suggestion that this was more than a pleasant social and mildly useful legstretching exercise and although the island produced one or two formidable individual players, these games were little more than formalities for touring sides. For all that, there was a gradual and steady improvement in the standard of domestic cricket on the island, caused partly by the Englishmen who came to Ceylon to [illegible] and by locals who increasingly found their ways to Oxford and Cambridge.

Since the last war Sri Lanka has been a productive nursery for blues at both universities, and after spending ten days in the island, I have not found this surprising.

It must be arguable that school cricket in Sri Lanka is stronger than anywhere else in the world. Their schools side has never yet been beaten by another country. One only has to stand for a couple of minutes and watch an over of a representative schools match to see that the standard is extremely good. These matches, like the one I saw the other day, attract crowds of more than 5,000, and although this must in part be a reflection of the lack of top class senior cricket, it shows how deep the roots of the game are in the island.

Yet if these young players are to help take Sri Lanka into Test cricket, they will need much more opportunity than they now have when they leave school.

There are no professional cricketers in Sri Lanka. English county players do not come across in the English winter and coach and play for local sides, and it is only because it has been rather reluctantly realised that something must be done that sponsorship has just begun.

When boys leave school they will, if they live around Colombo and are good enough, try and join one of the 18 clubs in the Premier Division. These clubs play two-day matches every week-end on a mixture of matting and turf wickets which tend to favour the batsmen.

The game is decided on one innings if there is not time for an outright result, and a score of about 275 is the norm. But this is as high as domestic cricket can go. Until overseas players and coaches are brought in or other countries make tours of Sri Lanka which are not a courtesy ten days but a [illegible] working five or six we[eks] standards are not going to [illegible] sufficiently to give Sri La[nka] much chance of success in [Test] cricket.

The way Sri Lanka's m[atch] against MCC has gone these four days is largely irreve[lant]. Their side is not yet g[ood] enough, but if they receive proper encouragement from ICC when they next meet at Lord's, they very soon could. If the other Test pla[ying] countries all help Sri La[nka] develop their cricket that [is an] important step by agreeing [to] send regular sides to the is[land] plus good players to coach a[nd] advise, the overall standard [of] cricket could quickly be gi[ven] the necessary lift.

Handicap

In turn Sri Lanka must w[ork] hard to improve their facili[ties] to work on the ground in Ka[ndy] and above all to try and fin[d a] genuinely fast bowler. [illegible] India, this could always be th[e] one critical handicap as far [as] Test cricket is concerned.

Whatever happens, [the] situation must not now [be] allowed to come about that [Sri] Lanka have to wait for an[other] four-day game against MCC [to] think that in the four days [they] have to prove their crick[et] virility one way or the o[ther]. That would be patently a[bsurd] and would once again [achieve] nothing.

YACHTING — BY ALEC BEILB[Y]

New Olympic sponso[r]

BRITISH OLYMPIC yachting, which until this year was supported by Alfred Dunhill, has received a new shot in the arm from Tate and Lyle.

Mr. F. H. "Tony" Tate, vice-chairman of Tate and Lyle, said yesterday that his company would put up more than £15,000 towards the cost of running this year's Weymouth Olympic Week, to be sailed in late May, and other Olympic training activities.

In recent years Weymouth Olympic Week has become established as the leading venue for the world's potential Olympic sailors to flex their muscles and is vital to younger British yachtsmen who have, at Weymouth, a chance to show their prowess against the nation's, and the world's, best.

Mr. Brian Southcott, chairman of the Royal Yachting Association, said that Olympic Week was an expensive business. Unlike some other yachting events, it needed and relied upon sponsorship, even though [it] remained an amateur [event].

Fuel for rescue boats co[vering] the three Olympic cours[es in] Weymouth Bay, for exa[mple,] where six Olympic classes [com]peted, cost a minimum of [illegible]. This sum was comparable [with] harbour dues and other [costs] ranging from GPO telep[hone] services to an instant [illegible] printing service vital to the [running] of a top-class international sp[orting] event and not covered by relatively low entry fees.

Mr. Tate said that his com[pany] was dipping its toe in the w[ater] of sports involvement but [its] interest in yachting follo[wed] sponsorship of the Wight [illegible] Cup and women's hockey.

Having taken its sailing [illegible] May to Lake Ontario for [the] Olympic regatta last year, [to] help with Britain's Oly[mpic] yachting seemed a natural [pro]gression of events in an ar[ea of] the Olympics where Britain had a comparatively fine re[cord] of success.

FILM AND VIDEO — BY JOHN CHITTOCK

Celluloid persuasion

SINCE THE illiteracy rate in U.K. is about 6 per cent. of the population, but 98 per cent. are now within reach of a television set, we are truly in an age where people are conditioned by moving pictures rather than the printed word. And when other kinds of moving pictures are seen—such as films—it is with unconscious reference to the almighty television screen that they will be judged.

Such will be the conditioning of audiences when they sit down to view a new film from the Prudential Assurance Company—its first recruiting film since the 1930s. Directed by one of the distinguished talents of post-war sponsored films, James Hill, The Pru will invite comparison with the best of costume drama on BBC and ITV. Since Mr. Hill has also had a hand in some of The Avengers programmes, it may be no surprise that this relatively low-budget exercise almost stands up to the comparison—paralleling life at the Pru as it was at the turn of the century with how it is now in a world of computers and sex equality.

Yet with that highly-sophisticated, TV-trained audience, [I] doubt that a near success is good enough these days. All of the cast in The Pru, delivering scripted dialogue, are staff members of the Prudential—and they do a gallant job; but an uncomfortable joie de vivre creeps into the acting. Could it be that some were members of the Prudential dramatic society?

The performance of people in front of the camera is frequently the weakest link in the complex chain of events that go to the making of a film. This is especially true of the sponsored film, which increasingly is making use of actors, but rarely with the budgets or time to do the job perfectly.

Negligence

Professionals are used in No Questions Asked, a new safety film sponsored by the National Federation of Building Trades Employers' and the Construction Industry Training Board. This is another of those accident nasties, where negligence on a building site leads to the death of a construction operative—in this case, when a trench collapses. At times it is a frightening film, especially when the ashen-faced victim is excavated from a mound of earth. Yet despite those professional actors, for me a slight edge was lost when I was occasionally conscious that these people really were only acting.

One solution to the problem is to use children; they rarely let a director down, especially if given the enactment of a fantasy full of blood and gore. Such is the style of The Finishing Line, a British Rail safety film which is to be used in schools in the continuing campaign to stop children playing on railway lines. The film courageously takes as its theme a sports day, held on a railway embankment. Competitive events include "last across," brick throwing at passenger trains and walking through the tunnel. Points are awarded when blood is drawn; and the ultimate finishing line, of course, is death—seen when plenty of victims are carried from the tunnel after a train has thundered through.

Pastiche

Undoubtedly this will be a controversial film, but British Rail have consulted and tested at every stage and I firmly believe it will do an effective job.

The director of this film is like James Hill of the post-war masters of the sponsored film—John Krish. His hand was also behind a new Home Office film about the prison service—HMP—and as different in style as one could imagine.

This really is in the manner of the TV documentary, again using a cast of "real" people. Three prison officer recruits go on a tour of Maidstone Prison as part of their training; and through discussions with serving officers and occasional snatches of conversation with prisoners, a gradual picture of life in prison emerges in the 50 minutes of this long pastiche of a Man Alive or World in Action programme.

For me, conditioned by the ruthless cutting edge of TV documentary, I remained a disbeliever at the end. Maybe prison isn't really like Porridge; but I have seen enough of other television documentaries to [be]lieve that HMP is an inc[om]p[lete] view of prison life. Only [a] brief sequence is seen insid[e a] cell—and it almost could h[ave] been a holiday camp ch[alet]. Little is witnessed of the d[aily] routine of prison life. [The] people who talk in the f[ilm] genuinely and naturally. [They pro]vide the only assurance [of] fidelity—especially the Chap[lain] and the Prison Governor.

Professional

In the world of the sponso[red] moving picture, the clums[iest,] most unconvincing and bo[ring] programmes are invari[ably] those produced on videota[pe,] especially when based on [talk]ing heads in a studio. May [even] bigger profits shower on [ICI] next year for sponsoring [the] best video discussion [pro]gramme I have ever seen—[made] to introduce to employee[s a] new bonus plan, based on A[dded] Value instead of profits.

The plan emerged fro[m a] working party of 33 emplo[yees] invited to come up with a b[etter] bonus scheme since the pr[evious] one was open to an eleme[nt of] mistrust. Six of the wo[rking] party, chosen as the most a[rticu]late, were subsequently put [into] a television studio with [Man] Alive's Jack Pizzey to e[xplain] and discuss the new bonus [scheme] they have proposed.

The result is a TV disc[ussion] programme as we see it [at its] best from BBC or ITV—re[laxed,] professional, comprehen[sible,] believable. The employees [come] over as they really [are—] genuine people, honestly [trying] to arrive at an equitable [solu]tion.

It works superbly. [These] people are not bosses' men [(and] one woman). When empl[oyees] see the programme throu[ghout] ICI, as is now happenin[g on] video-cassettes, I predict they will give a resou[nding] "yes" to the new bonus sc[heme] —because this programm[e is] not another "manag[ement] trick," but workers gen[uinely] speaking to workers.

It succeeds because no [expense] was spared, as is so ofte[n the] case with video. And b[ecause] there just had to be a tota[l com]mitment to the whole tru[th and] nothing but the truth.

TV Radio

† Indicates programme in black and white.

BBC 1

6.40 a.m. Open University (UHF only). 9.38 For Schools, Colleges. 12.45 p.m. News. 1.00 Pebble Mill St. David's Day Special. 1.45 Bod. 2.00 You and Me. 2.14 For Schools, Colleges. 3.20 Pobol Y Cwm. 3.53 Regional News (except London). 3.55 Play School. 4.20 Dastardly and Muttley. 4.25 Jackanory. 4.40 Rentaghost. 5.05 John Craven's Newsround. 5.15 Take Hart. 5.35 Paddington. 5.40 News. 5.55 Nationwide (London and South-East only). 6.20 Nationwide. 6.50 Dad's Army (London and South-East only). 7.20 The Waltons. 8.10 Warship. 9.00 News. 9.25 Fathers and Families. 10.40 1,000 Welsh Voices from the Albert Hall. 11.15 The Education Debate. 11.40 Weather/Regional News.

All regions as BBC 1 except at the following times:

Wales—5.55-6.20 p.m. Wales To-day. 6.50 Heddiw. 7.15 Nos Gwyl Ddewi Ar BBC Cymru. 7.20 Arthur! gan Dyfed Glyn Jones. 8.15-9.00 Cawl a Chan. 9.25 Merthyr Riots: Wales—a Labour country. 11.15 Shivers of Genius (Reading of Welsh poetry). 12.05 The Education Debate. 12.30 a.m. News and Weather for Wales.

Scotland—5.55-6.20 p.m. Reporting Scotland. 6.50-7.20 Porridge. 11.15-11.40 The Chiel Amang Us. 11.40 News and Weather for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 6.50-7.20 Look Where You Live: County Tyrone. 11.40 News and Weather for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Points West (Bristol); South To-day (Southampton); Spotlight South West (Plymouth). 6.50-7.20 East (Norwich) The Tuesday Music Show; Midlands (Birmingham) Go Sell It To The Yanks; North (Leeds) Get Up And Go; North East (Newcastle) The Lost Kingdom; North West (Manchester) Music Is My First Love; South (Southampton) Hey Look . . . That's Me!; South West (Plymouth) Peninsula; West (Bristol) The Avon Report.

BBC 2

6.40 a.m. Open University.
11.00 Play School.
2.15 p.m. Other People's Children.
2.30 Wordpower.
3.00 Reading the Signs and Symbols.
3.30 Parents and Children.
4.55 Open University.
7.00 News on 2 Headlines.
7.05 Zarabanda.
7.30 Newsday.
8.10 Chronicle.
9.00 The Man Alive Report.
10.15 Oscar Peterson Invites . . .
11.05 Late News on 2.
11.15 The Old Grey Whistle Test.
11.50 Closedown: Lyndon Brook reads "Riding the Elevator into the Sky," by Anne Sexton.

LONDON

9.30 a.m. Schools Programmes. 12.00 Noddy. 12.10 p.m. Pipkins. 12.30 Paint Along With Nancy. 1.00 News plus FT index. 1.20 To-day's Post. 1.30 Crown Court. 2.00 Good Afternoon. 2.25 Sam. 3.20 Rooms. 3.50 Emmerdale Farm. 4.20 Michael Bentine's Potty Time. 4.45 Magpie. 5.15 . . . And Mother Makes Five.
5.45 News.
6.00 To-day.
6.35 Crossroads.
7.00 Dave Allen and Friends.
7.30 The Six Million Dollar Man.
8.30 Tom O'Connor.
9.00 This Year Next Year.
10.00 News.
10.30 Lloyd George: The Politics of Derision.
11.45 Night Gallery.
12.25 a.m. Close: George Appleton reads one of his own prayers.

All ITV regions as London except at the following times:

ANGLIA
1.25 p.m. Anglia News. 2.00 Houseparty. 5.15 Star Maidens. 6.00 About Anglia, including Police Call. 11.45 Night Gallery. 12.15 a.m. Anthology.

ATV MIDLANDS
1.20 p.m. ATV Newsdesk. 5.15 Rising Damp. 6.00 ATV Today. 7.25 Sport in March: Profile of John Conteh. 7.30 Hawaii Five-O. 11.45 Journey to the Unknown.

BORDER
†1.20 p.m. Border News. 2.00 Houseparty. 5.15 Out of Town. 6.00 Border News and Lookaround. 7.00 Mr. and Mrs. 7.30 Emergency. 11.45 The Streets of San Francisco. †12.45 a.m. Border News Summary.

CHANNEL
†1.20 p.m. Channel Lunchtime News and What's On Where? 5.15 Supersonic. †6.00 Report At Six. 7.00 Sale of the Century. 7.30 The Streets of San Francisco. †11.45 Commentaires et Previsions Meteorologiques.

GRAMPIAN
9.25 a.m. First Thing. 1.20 p.m. Grampian News Headlines. 5.15 Skippy. 6.00 Grampian Today. 6.10 Wildlife Cinema. 11.45 Reflections. 11.50 The Odd Couple.

GRANADA
1.20 p.m. This Is Your Right. 5.10 This Is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Rising Damp. 7.30 The Bionic Woman. 11.45 The Collaborators.

HTV
1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. 5.15 Breaktime 5. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Happy Days. 7.00 Three Little Words. 7.30 Hawaii Five-O. 11.45 Phyllis.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion and Dydd. 4.20 Miri Mawr. 4.35-4.45 Wstiebthus? 6.00-6.15 Y Dydd. 6.30-7.00 Forum. 11.45-12.15 a.m. World In Action.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West.

SCOTTISH
†1.25 p.m. Road and Weather Report. 5.15 Pinet and his Friends. 5.20 Crossroads. 6.00 Scotland Today. 6.30 The Happy Days. 7.30 Hawaii Five-O. 11.45 Late Call. 11.50 Night Gallery.

SOUTHERN
1.20 p.m. Southern News. 2.00 Houseparty. 5.15 Popeye. 5.20 Crossroads. 6.00 Day By Day, including Southsport. 7.30 Emergency. 11.45 Phyllis. 12.15 a.m. Southern News Extra.

TYNE TEES
9.25 a.m. Starting Point. 1.20 p.m. North East News and Lookaround. 3.50 The Mary Tyler Moore Show. 5.15 Emmerdale Farm. 6.00 Northern Life. 7.30 Hawaii Five-O. 11.45 Police Surgeon. 12.15 a.m. Epilogue.

ULSTER
1.20 p.m. Lunchtime. 2.00 See You Tuesday. 3.48 Ulster News Headlines 5.15 Run Joe Run. 6.00 Ulster Television News. 6.05 Crossroads. 6.30 Reports. 7.30 Emergency. 11.45 Bedtime.

WESTWARD
12.25 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.15 Supersonic. 6.00 Westward Diary. 7.00 Sale of the Century. 7.30 The Streets of San Francisco. 11.45 Westward Late News. 11.48 Faith for Life.

YORKSHIRE
1.20 p.m. Calendar News. 3.50 Calendar Tuesday. 5.15 Emmerdale Farm. 6.00 Calendar (Emley Moor and Belmont editions). 7.30 Hawaii Five-O. 11.45 The Odd Couple.

RADIO 1 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.00 Noel Edmonds from a motorway service station on the M6. 9.00 Tony Blackburn. 12.00 Paul Burnett; including this week's new Top 30 discs, and 12.30 p.m. Newsbeat. 2.02 David Hamilton. 4.30 It's DLT OK! 5.45 Newsbeat. 6.02 John Dunn (S) (joins Radio 2). 11.00 John Peel (S) (also on VHF). 12.00-12.05 a.m. As Radio 2.

RADIO 2 1,500m and VHF

6.00 a.m. News Summary. 6.02 Don Durbridge (S), including 6.15 Pause for Thought. 7.02 Terry Wogan (S), including 8.27 Racing Bulletin. 8.45 Pause for Thought. 9.02-11.30 Pete Murray's Open House (S), including 10.30 Waggoners' Walk. 11.30 Jimmy Young (S). 1.50 p.m. Sports Desk. 1.55 Good Listening (VHF). 2.02 David Hamilton as Radio 1, but including on 1,500m only (also 202m Scotland) 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S), including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Beat The Record. 7.30 Robin Richmond: The Organist Entertains (S). 8.02 Satchmo, the story of Louis Armstrong, part 6. 9.02 Among Your Souvenirs (S). 10.02 Sports Desk. 10.05 BBC Radio Orchestra (S). 11.02 Sheila Tracy with The Late Show (1,500m only, also 202m Scotland, VHF joins Radio 1). 12.00-12.05 a.m. News.

RADIO 3 464m, Stereo & VHF

† Medium Wave only

†6.55 a.m. Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 8.55 Rural Rhymes. 9.00 News. 9.05 This Week's Composers: Balakirev and Borodin (S). 9.45 Academy of the BBC (S). 10.55 BBC Young Composers' Forum 1976 (S). 12.15 p.m. Music for St. David, part 1: Berlioz, Mathias. 1.00 News. 1.05 The Arts Worldwide. 1.20 Music for St. David, part 2: Hoddinott. 1.55 Debussy piano recital (S). 2.55 A Little Light Music (S). 3.40 Philadelphia Orchestra on records (S). 4.55 Jazz Today (S). 5.25 Fanfare (S). 5.45 Homeward Bound. 6.05 News. 6.10 Homeward Bound (continued). 6.30 Lifelines: Work and Training. 7.30 Murray Perahia, part 1: Haydn, Bartok (S). 8.05 The Colourful History of the Balkan Thrones. 8.25 Murray Perahia, part 2: Mendelssohn, Schumann (S). 9.20 Robert Lowell at 60 (talk). 9.40 Bruckner Motets (S). 10.00 Music in Our Time, part 1: Ives, Ruggles, Sackman (S). 10.40 Interval Reading. 10.45 Music in Our Time, part 2: Burko, Copland. 11.25-11.30 News.

Radio 3 VHF only—6.00-7.00 a.m. and 5.45-7.30 p.m. Open University.

RADIO 4

434m, 330m, 285m and VHF

6.20 a.m. News. 6.22 Farming Today. 6.40 Prayer for the Day. 6.45 Today. 7.00 News and more of Today including Sports News, Today's Papers, and 7.25 (VHF) Regional News. 7.45 Thought for the Day. 8.00 News and more of Today including 8.25 (VHF) Regional News. 8.45 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Down Your Way. 11.45 John Fortune. 12.00 News. 12.02 p.m. You and Yours. 12.27 Brain of Britain 1977. 12.55 Weather, programme news: VHF (except London and SE) Regional News. 1.00 The World At One. 1.30 The Archers. 1.45 Woman's Hour (from 2.00), including 2.00-2.02 News. 2.45 Listen With Mother. 3.00 News. 3.05 Vivat Rex (S). 4.00 News. 4.05 Gardeners' Question Time. 4.35 Story Time. 5.00 PM Reports. 5.50 Financial Report. VHF Regional News. 5.55 Weather, programme news. 6.00 News. 6.15 My Music (S). 6.45 The Archers. 7.00 News. 7.05 The World In Focus. 7.30 Murray Perahia recital, part 1 (as Radio 3) (S). 8.05 The Colourful History of the Balkan Thrones (as Radio 3). 8.25 Recital, part 2 (as Radio 3) (S). 9.20 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.45 A Book At Bedtime. 11.00 The Financial World Tonight. 11.15 Today In Parliament. 11.30 News.

For Schools (VHF only) 9.10 a.m.-12.00 and 2.00-3.00 p.m.

BBC Radio London

206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Tony Fish with Rush Hour. 9.00 News Extra. 9.20 Richard Vaughan with London Live. 11.03 Jenny Thompson and Diana Rice with In Town. 12.03 p.m. Call In, including 12.05 London News Desk. 2.03 Paul Owens with 206 Showcase. 4.03 Astley Jones with Home Run. 6.00 Look, Stop, Listen. 7.30 Jenny Thompson and Diana Rice with In Town (as 11.03 a.m.). 8.30 All That Jazz. 10.03 Late Night London. 12.00-Close: As Radio 2.

London Broadcasting

261m and 97.3 VHF

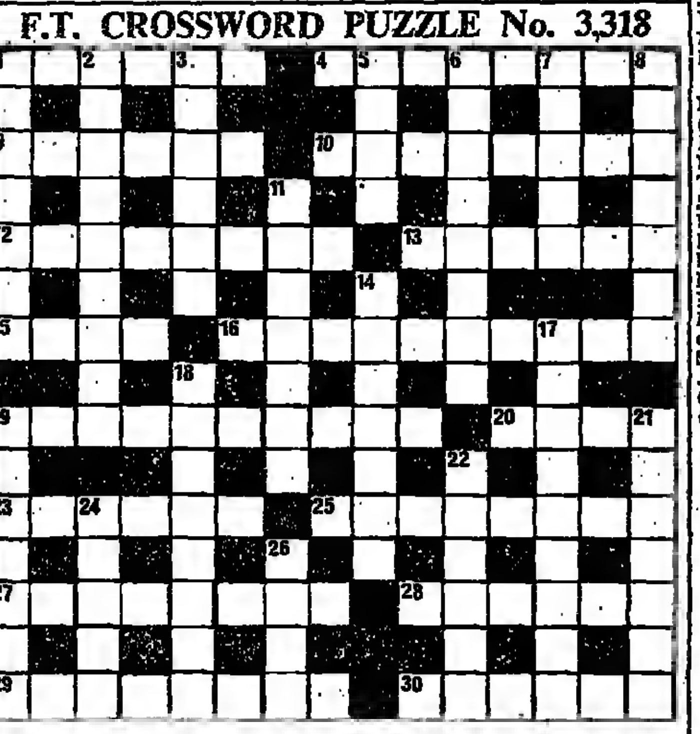
5.00 a.m. Morning Music. 6.00 "A.M." breakfast-time show. 10.00 Brian Hayes. 1.00 p.m. Newswatch. 3.00 Newsbreak. 4.00 Music in Stereo. 9.00 Nightline. 1.00-5.30 a.m. Nightwatch—news every half-hour through the night.

Capital Radio

194m and 95.8 VHF

6.00 a.m. Graham Dene's Breakfast Show. 9.00 Michael Aspel. 12.00 Cash On Delivery with Dave Cash. 3.00 p.m. Roger Scott's Three O'Clock Thrill. 7.00 London Today. 7.30 Paranormal Open Line with Adrian Love talking to scientist Christopher Evans. 9.00 Your Mother Wouldn't Like It. 11.00 Tony Myatt's Late Show. 2.00-6.00 a.m. Night Flight.

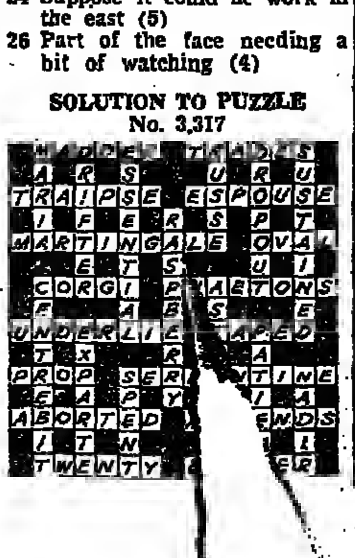
F.T. CROSSWORD PUZZLE No. 3,318



ACROSS
1 Stout right round the chest (6)
4 Deduction of pay creating a strike (8)
9 Sally—one kind, that is (6)
10 Parental confusion? (8)
12 Carnage in the service area (8)
13 A stable chap gets badly lost going to East Riding (6)
15 Sea or river power (4)
16 It's replacing one here (10)
19 Resolved to be resolute (10)
20 Garments for one of four in a pack (4)
23 Garment for bachelor to look at and wear (6)
25 Surveyor has drink to keep inside (8)
27 Double glazing? It's rather obscure! (8)
28 Struggled with resistance in hothouse (6)
29 Sprinkling and making deeper (8)
30 Chain holding bishop in a state of preparedness (6)

DOWN
1 Started again to add up in a rush (7)
2 Type of home-made soup? (5-4)
3 Toss up a pound belonging to a hack (6)
5 Rant for shed? It could be! (4)
6 Meadows in a pure setting giving delight (8)
7 Cancel annual with one missing (5)
8 Blow up in the dark-room (7)
11 Weep over loveless optic in secret (7)
14 Conducted us in this place and died (7)
17 Hammer on a key for money (5, 4)
18 Agreeing to meet to make an attempt to rob (8)
19 Charged a bit to appear in action (7)
21 Pester people involved in legal wrong (7)
22 Human being causing death (6)
24 Suppose it could be work in the east (5)
26 Part of the face needing a bit of watching (4)

SOLUTION TO PUZZLE No. 3,317



هكذا من الاصل

Pairs

by WILLIAM PACKER

Collaboration between artists is nothing new, and the scholar may detect many hands at work on the single canvas; but equally he is rarely in doubt as to whose are the master's, for assistants always knew their place, whether they were themselves highly specialised exponents of drapery or background, or incidental figures in the landscape, or were merely anonymous pupils and studio factotums. But the romantic sensibility of later artists made them somewhat more self-conscious, aware of their particular gift, and jealous of the autographic integrity of their work. So it is, in our own time, when the individual artist aspires quite as much as he ever did to be celebrated as hero and star, and when his autograph is everything, that collaboration on equal terms, the kind of acknowledged mutual dependence and shared practice enjoyed by Picasso and Braque, for example, during the short period of analytical Cubism, when their creative personalities fused and became indistinguishable, is unusual to a degree and therefore always interesting.

Last summer Dieter Roth and Richard Hamilton, artists who both enjoy wide international reputation, spent three weeks working together in Cadaqués; and the fruits of their joint efforts are being shown by the Arts Council, at the ICA, until the end of March. It was obviously great fun for them, and their enjoyment and playfulness remain clearly evident in the work we see. But facetiousneas is notorious for not travelling so well, and ideas that must have seemed so good at the time now appear rather less convincing. The show's rationale is dreadfully arch, playing around with ideas of Originality and Authentication, with each Original paired with its own Certificate, really but the same thing said in the same way yet again. *And* the paintings for dogs, hung at dog's eye level, sweet enough in themselves, at length are tiresome.

It seems such a pity that these two artists, who should hardly lack the confidence, should have felt it necessary to justify their collaboration so coyly, so defensively. The actual work, taken *item* by item, is well done, full of vitality, and engagingly light-hearted: but, to see it for what it is, with all its virtues, we must first shrug off the theme and its apprentices, the self-consciousness, the pompous conceit of doing good by debunking Traditional Art. Neither artist is a Picasso or Braque, *but* each has the capacity to work simply and straight-forwardly: together they might have produced something remarkable, had they allowed their work to develop freely, and not hedged it in so protectively.

But Hamilton has always felt the need to protect himself in some way, hiding behind process and technique that he can investigate and demonstrate with all the appearances of seriousness, and with a certain elegance, but without making great demands upon his imagination, and his abilities to paint and draw. Roth is less bland, his work a lively and abundant expressionism spiked with surrealism, witty and inventive. He has brought to Hamilton's formal manipulations and manoeuvres, intelligent technical commentries and rather literal ideas a sharp satirical edge, a sharp an eye, and a gold band. The cocktail is stronger and more stimulating than one might expect.

The sausage images are genuinely amusing, with their spoofs and asides on other art, from the Conceptual Sausage, five kilometres long, lying beneath the mountains, to Picasso himself wearing a sausage moustache. Dali's irreverence, one of his better qualities, must hang in the air of that particular corner of Catalonia.

This small show, we are told, is to be the last in the upper galleries of the ICA, which is bad news. Despite, perhaps because of their faded grandeur, the two rooms are among the best showing spaces in London, and in particular ideal for small and concentrated exhibitions, and quiet, undemonstrative work. Barry Barker, who has administered them, has opened his own gallery recently in Covent Garden (and more of that another time), so his policies will not exactly evaporate; but, for the moment, we can only regret this constriction, as the times close in on us.

The Entertainment Guide is on Page 14

Dieter Roth/Richard Hamilton: Three sausages bearing busts

Bath Festival

The musical content of this year's Bath Festival (June 3-12) —the third under the artistic direction of Sir William Glock —cover a range of nearly 700 years; from medieval and Renaissance works through Bach and Beethoven to composers of the present day.

The opening concert of works by J. S Bach will be in Bath Abbey with the Richard Hickox Singers and orchestra; the Monteverdi Vespers of 1640 will be sung in Wells Cathedral by the Monteverdi Choir and the closing concert (Beethoven's *Missa Solemnis*) by the New Philharmonia Orchestra and Choir under Charles Mackerras at the Colston Hall in Bristol.

The highlight of the festival is the world premiere of John Tavener's new opera *The Gentle Spirit*. There will also be new instrumental works by Harrison Birtwistle and Peter Maxwell Davies. Chamber music includes performances of Beethoven quartets by the Bartok String Quartet, recitals by the Beaux Arts Trio and the Lindsay String Quartet and a recital by Tamas Vasary and the English Chamber Orchestra Wind Ensemble.

The Arts Council, Bath City Council and industrial sponsors have all increased their financial support of this year's festival, with Barclays and the National Westminster Bank now joining the generous contributions from many other firms and individuals. DP

Metropolitan Opera, New York

The Carmelites

by ANDREW P…

Shirley Verrett (centre) with imprisoned nuns

It seems oddly late in the day for the Met to be embarking on Poulenc's *Dialogues des Carmélites*, which ran swiftly round the world after its Scala première, in 1957, but seems to have found its niche now as an opera-school work, more worthy than *Suor Angelica* but with the same advantage of offering many female roles. The New York City opera did the piece in 1966, in a production which everyone seems happy to have forgotten. The Met production, which opened this month, is in a style quite different from that of the Scala première or the Covent Garden replica thereof.

Like many another house, the Met is in financial trouble, and to provide an uncostly *Carmelites* John Dexter has adopted the style—one might call it post-Piscator, or early-Rennert—common in post-war Germany, when money was short and producers made a virtue of simple, uncluttered, black-and-white presentations. The *Carmelites* set, designed by David Reppa, is a bare black box, its floor a raked cruciform platform. Abstracts of what would be the traditional scenery—a fireplace and doorway for the library, a grille for the convent *parloir*, a row of arches sketched in aluminium tubing for the chapel—drop down to suggest locality.

The three-act opera is reshaped in two acts, and since scene flows into scene on the open stage (Poulenc's drop-curtain interludes are played in the basic set), Dexter has invented pantomimes to accompany the between-scene instrumental passage that are in fact slightly more than *Verwandlungsmusik*; they represent the moments when the composer varies the dramatic mode and for a while throws all our attention on to the orchestra. Modern producers hate such passages, and so they "choreograph" overtures, devise action scenes to prevent any careful musical attention to the "Ring" preludes, and turn entracts into pageants. Dexter's pantomimes are relatively inoffensive examples of the practice, but symptomatic of producers' reluctance to allow a composer to know his own mind.

Nevertheless, he has achieved a capable and cogent presentation of the opera. On the first night, the end went quite wrong. That climatic moment when Blanche steps forward to join her sisters on the scaffold was no more than a small, vague scuffle at the back of the stage. But that has presumably been put right. Otherwise, only Shirley Verrett, as the second prioress, seems to have resisted Dexter's controlling hand. There is a touch of Josephine Baker in her portrayal of a nun; she even crosses herself with high operatic flamboyance. Mignon Dunn, as Mother Marie—in effect the tragic heroine of the drama—gives a strong and subtle performance, of a kind which is not only vivid in itself but lends vividness to all with whom she comes into contact. Régine Crespin, the second prioress in the Paris première of the opera (and in the Angel recording), a soprano role that Joan Sutherland did at Covent Garden, has now moved to first prioress, a contralto role, and she is passionate, powerful, extremely impressive. The opera is sung in Joseph Machlis's English translation, and Mme. Crespin provides the otherwise all-American cast with a model of how to declaim English on the lyric stage—how to give each vowel its distinct and telling colour, how to adjust strict metre to sense and to speech inflexions.

Maria Ewing, a mezzo, sings Blanche, a soprano role (Elsie Morison and then Heather Harper did it at Covent Garden), and she does so with considerable ability. But with mezzos in the two principal soprano roles, the colour of the piece is changed. It is not so much a matter of range—neither Verrett nor Ewing has much difficulty on that count — as of timbre; in phrases that call for clear, easy, floated soprano notes we hear the tense, complicated, rich sound of mezzo in her upper range. The only soprano left is Sister Constance, sung by Betsy Nordin in pretty but slightly narrow tones.

Michel Plasson is the expert conductor. His blend of emotion with reticence, his command of sentimentality tempered by discretion, his supple phrasing, his full yet delicate orchestral palette, and his chivalry toward the singers, who are never drowned, are exactly what Poulenc's score requires.

Schwarzkopf recital date changed

Elisabeth Schwarzkopf, who is giving two recitals in the forthcoming Camden Music Festival, *has* agreed to advance the date of her second recital from Saturday, April 2, to Wednesday, March 30. The alteration is made necessary by a national overtime ban called by NALGO, which takes effect from April 1.

The Royal Ballet at Bristol

The Royal Ballet resident company from the Royal Opera House, Covent Garden, will present a two-week season at the Bristol Hippodrome from May 2-14.

The repertory includes two full-length ballets, *Swan Lake* and the company's new production of *The Taming of the Shrew*; and six one-act ballets, *La Bayadere*, *Elite Syncopations*, *Les Sylphides*, *A Month in the Country*, *The Four Seasons* and *The Concert*.

Queen Elizabeth Hall

Imogen Cooper

by MAX LOPPERT

Imogen Cooper, a natural Schubert pianist, devoted the first half of Sunday's recital to the 16 German Dances, Op. 33, D783, and the Sonata in G, Op. 78, D894. In the first few dances, the rhythm was stiff, the tone cloudy; but, this playing-in phase past, Miss Cooper directed her clear gaze and strong yet subtle *feeling* for the Schubert phrase to fine purpose—there were, as there always ought to be, delicious surprises in those sudden irregularities, changes of focus, which declare these miniatures no longer miniature.

A hearing of one of the masterpieces among the piano sonatas so soon after live experience of a Schubert opera was for me a strong reminder of how his strokes of musical drama operate entirely from and within the music itself—only because the opening phrase of the G major Sonata is the gentlest of murmured, lulling curves can its transformation at the start of the development into a cruel minor-key jab register so powerfully. This was an uncommonly sensitive performance—not perhaps for the loving display of warmly malleable tone-shades and textures (Miss Cooper works within a restrained range of colours), so much as because the understanding of the processes of Schubertian sonata drama was, here and elsewhere, eloquently displayed. Without signalling each key change as a Magical Moment, Miss Cooper persuaded us that such moments were both beautiful, and part of some crucial dramatic progression.

The attributes for playing *both* Schubert and Liszt well are often not found in the same pianist (although Miss Cooper's mentor Alfred Brendel shiningly eludes any such generalisation). In a Liszt second half much of the playing seemed the product of intelligence and hard work rather than of natural aptitude. For one thing, the soft playing began to lack the necessary kind of sensuous appeal for the long phrases of the Three Petrarch Sonnets. And then, there was something just a little shrill and all-from-the-shoulders about the climaxes of the Verdi (*Simon Boccanegra*) and Wagner (Isolde's Liebestod) transcriptions. Yet there was also still a good deal to admire—the second encore, that extraordinarily beautiful re-creation of the *Lucia di Lammermoor* Sextet, an example of Miss Cooper's distinctive and already distinguished compensating for a more obvious kind of Lisztian showmanship.

Wigmore Hall

Brunswick Quartet

by DAVID MURRAY

A professional string quartet generally starts either as a group of friends who find that they enjoy playing together, or with an ambitious leader who sets out to assemble a team around him. In North America, increasingly often, quartets are created by higher decree: there are excellent reasons for a university to covet a resident quartet, and when none is to be found ready-made, one is devised forthwith.

Such, more or less, is the Brunswick Quartet, from the University of New Brunswick. Its present members have played together for less than four years, but they offer a wide and adventurous repertoire. On the evidence of their concert on Saturday, they deal with it even-handedly, intelligently, and stylishly, without—as yet—giving any very strong impression of a corporate body. Haydn's F minor Quartet, Op. 55, No. 2, was lyrical and neat, all the repeats zealously observed; the Op. 22 Quartet of Hindemith sounded toughly confident, but the texture was kept open enough for the music to breathe. Some approximate ensemble in the final Presto of Mendelssohn's early A major Quartet barely dimmed the effect of a notably idiomatic performance, blessedly free of late-Romantic pretensions.

Canadian music was represented by Harry Freedman's Five Pieces. Freedman has written more substantial pieces than these (they date from 1949, when the composer was half his present age), but they explore the established resources of the medium concisely and engagingly, with the odd cautious bow to surrealism. Here, more than anywhere else, the Brunswick players displayed the collective alertness of a genuine quartet-team, and one found oneself listening much harder. No academic self-consciousness here: a native repertoire seems to be a tonic.

International Jazz Festival at Berne

Leading American jazz musicians and singers will be appearing at the Second International Jazz Festival of Berne to be held from Wednesday May 4 until Sunday May 8. The climax of the festival, which has the overall title of *New Orleans in Berne: Tribute to the Greats*, will be a gala performance by the full Count Basie band plus an all-star formation led by the Count which will include Louis Bellson, Harry Edison, Roy Eldridge, Zoot Sims and Eddie "Lockjaw" Davis.

The opening night is devoted to gospel music and features singer Marion Williams, pianist Jerome Jones and the New Orleans Baptist Choir. May 5 is blues night with, among others, singers Helen Humes, Memphis Slim and Jimmy Witherspoon. Swing Night is on May 6 and, apart from pianists Earl Hines and Oscar Peterson, French saxist Gerard Badini will lead his Swing Machine which will include drummer Gus Johnson, bassist Milt Hinton and pianist Hank Jones.

From Dixieland to Swing is the title of the May 7 concert which will spotlight soprano-saxists Bob Wilber and Kenny Davern, clarinettist Peanuts Hucko, pianist Ralph Sutton and trumpeter Wild Bill Davison. Every evening Swiss groups will also be featured.

Air holidays covering the whole festival, and also three-day week-end visit, are being arranged by Romantic Tours of London.

Silver Jubilee Music

The London Celebrations Committee for the Queen's Silver Jubilee has commissioned five pieces of music which are specifically intended to be capable of performance by modestly-skilled groups. They are:

Serenade for Youth Orchestra by Richard Rodney Bennett, to be played at the Albert Hall on April 24.

Jubilee Toy Symphony, for piano, strings and toy instruments, by Joseph Horovitz (Covent Garden, June 5).

Suite for Concert Band by John Gardner (Albert Hall, June 7).

Suite for Brass Band, *Vivat Regina*, by William Mathias (Albert Hall, June 11).

The committee has also made a substantial contribution towards the commission of four further works:

Ballet, *Successions—Kings and Queens* (music by Bob Downes, choreography by Robert Cohan) (Sadler's Wells Theatre, April 5).

Ceremonial Overture for the London Symphony Orchestra, by John McCabe (Festival Hall, April 17).

Ballet, *The Court of Love* (music by Howard Blake, choreography by Lynn Seymour) (Coliseum, April 25).

Ballet in one act for the Ballet Rambert (music by Jonathan Harvey, choreography by Norman Morrice (Round House, July 11).

Royal Academy of Music, Copenhagen at Sadler's Wells

The Royal Academy of Music, Copenhagen, present an opera double bill on March 25 and 26 at Sadler's Wells Theatre.

The Garden Wall, a one-act opera by Ib Norholm, specially for the British visit, will be sung in English, conducted by Frans Rasmussen and produced by Daniel Bohr. Gluck's *Le Cinesi* (sung in Italian) will be conducted by Milan Vitek and produced by Per Moller Nielsen.

NYJO to visit Russia in July

The National Youth Jazz Orchestra has now become the first British big jazz band to be asked to visit the Soviet Union. It will go from July 15-30 this summer.

The invitation comes from Goskontsert, the Soviet State Entertainment and Cultural Agency. The orchestra will play at least nine concerts in Moscow, Leningrad and Kiev.

EUROPEAN NEWS

IMF negotiator Mr. Alan Whittome (centre) talks yesterday with Sig. Paolo Baffi (left), Governor of the Bank of Italy, and the Treasury Minister, Sig. Gaetano Stammati.

Italy asks IMF for early approval of $530m. credit

BY DOMINICK J. COYLE

ROME, Feb. 28.

AN UNDISGUISED plea for early approval by the International Monetary Fund (IMF) of a further standby creit to Italy of at least $530m. came here to-day from the Treasury Minister, Sig. Gaetano Stammati.

He was speaking at the start of the latest round of negotiations between Treasury and Bank of Italy officials and a visiting IMF mission led by Mr. Alan Whittome, who heads the Fund's European office. Such approval would, said the Minister, demonstrate that the principles of international solidarity were a reality and not mere theory.

Italy had already shown its determination to attack inflation, and the fiscal and monetary measures taken by the minority Christian Democrat Government of Sig. Giulio Andreotti gave testimony to this commitment. The IMF should now, said Sig. Stammati, give tangible evidence that these efforts were appreciated and restore to Italy the "credibility" it needed.

This reflects the prevailing official view here that the current negotiations with the IMF must first be concluded satisfactory before Italy can ever consider seeking fresh international loan support elsewhere, or indeed hope to rollover some of the country's existing short-term commitments.

In effect, the "blessing" of the IMF for the Andreotti Government's recent economic measures is now almost as important to Italy as the relatively small new standby credit actually being sought from the Fund, although the $530m. facility under negotiation is, in fact, Italy's full entitlement under the extended drawing rights incorporated in the so-called Jamaica Agreement.

Sig. Stammati suggested here to-day that the Government was prepared to limit the overall Treasury deficit in the current year to confirm with IMF-dictated guidelines, and he instanced a number of measures already announced to hold down the rise in Italian labour costs, including the "fiscalisation" of part of employer social security contributions to be paid for through higher indirect taxes. He forecast a reduction in Italy's inflation rate (currently in the region of 20 per cent.) in the second half of this year.

Meanwhile, there was further erosion to-day of Italy's special import deposit scheme introduced in May last year as one of a number of emergency measures designed to halt the sharp decline in the lira. The original rate of 50 per cent. had already been cut by half in three instalments, and a further reduction from 25 to 10 per cent. became operative to-day.

This latest cut in the level of compulsory import deposit was greeted calmly on the foreign exchange market in trading conditions which dealers described as being "lively" with the petrol companies in the market for dollars.

Bank of Italy support intervention in the market was said to be limited to ironing out erratic price movements, although the bank in recent months has been supplying large customers with their foreign exchange outside the market.

Finally there was some encouraging news to-day on the economic front when ISTAT reported that industrial production in Italy last year rose by more than 12 per cent., although this must be compared with the depressed performance throughout 1975.

ENI in N. Africa oil row

BY PAUL BETTS

ROME, Feb. 28.

ENI, THE Italian state hydrocarbon group, has found itself at the centre of a row between Libya and Tunisia. The Italian group, whose subsidiary Saipem is involved in offshore oil exploration in the Gulf of Gabes has been caught up in the long-standing feud over the delimitation of territorial sea rights in the continental shelf flanking the Tunisian-Libyan border. The disputed zone, where Saipem has been contracted by the Libyans to sink an offshore rig is said to contain promising oil deposits.

Although there were signs last year that the two countries had reached some agreement in the 10-year-old dispute when Libya agreed to refer the matter to the International Court at The Hague, the row broke out again over the week-end when Tunisia sent a frigate to the area.

The frigate, "Bourguiba" is reported to have told the Italian personnel on board "Scarab Four"—the Saipem rig—to stop all drilling. Libya responded by sending a frigate, the "Tobruk," to the scene. ENI to-day confirmed that all drilling had stopped on the rig.

The Tunisian Government is claiming that Saipem's operations in the Gulf contravene last year's agreement between the two countries to stop all oil operations on the continental shelf until after arbitration by the International Court. The Libyans, however, claim the Saipem rig is not in disputed waters but in Libyan territory.

Last year, the National Oil Company of Tripoli, the Libyan state oil concern, and Agip, the oil subsidiary of ENI, agreed to contract Saipem to sink an offshore exploration well in the area. The Libyans are now threatening to nationalise all ENI interests in Libya if the Italian group does not resume drilling.

Lisbon Stock Exchange reopens

By Diana Smith

LISBON, Feb. 28.

COMPANY SHARES were quoted on the Lisbon stock exchange to-day for the first time since April 24, 1974, the day before the military coup that overthrew the Caetano dictatorship, following which the exchange was shut and shareholders ordered to deposit their certificates in the banks.

Only 21 of the 200 companies whose shares were traded in 1974 were quoted this morning. The remainder have either been nationalised or subjected to State intervention, or were located in Portugal's former African colonies.

There were only seven offers to sell—at prices ranging from 20 to 80 per cent. lower than in 1974, and one offer to buy at 85 per cent. less than the former price. No transactions actually took place during the five-minute session.

Before it closed in 1974, the Lisbon stock exchange had become a gambler's paradise, with speculators dealing in shares from cars parked outside the exchange.

Speculation however will now be restricted by the rules: no share can rise by more than 20 per cent. in a day, and operations will be supervised by a delegate of the Ministry of Finance.

The resumption of dealings in company shares is seen as an attempt by the Government to stimulate small and medium-scale investment, and a concession to the market economy.

Meanwhile, three bombs exploded on Friday night, and another three early this morning. The explosions caused serious damage to students' canteens and residences, shops, a social security office, a cinema and electrical equipment adjoining a small railway station.

The explosions are thought to be linked to the mysterious ultimatum last week from a hitherto-unknown group, the Portuguese Democratic Command, which set last Friday as the deadline for the President of the Republic, General Ramalho Eanes, to release 11 men arrested last year on suspicion of involvement in earlier bombing attacks.

Among those detained last year was the former chief of the Oporto police, Major Artur Mota Fritas, who was released after questioning and subsequently suspended from his post. Indications are that the bombing network is financed and organised by the extreme Right.

Bonn wire-tapping row

BY ADRIAN DICKS

BONN, Feb. 28.

THE WEST German Social Democratic - Free Democratic coalition government may face a new test of its cohesion, and of its attitude towards the use of police powers, as a result of the dramatic wire-tapping case that has erupted here to-day.

The affair involves the suspicion by counter-intelligence officials that a leading nuclear engineer, Dr. Klaus Traube, was mixed up with terrorist groups and might have given them access to nuclear materials or even have been ready to help them build a bomb. There are already counter-charges, however, that in their investigations the authorities may have trampled Dr. Traube's civil rights under foot.

In response to charges that the FDP Minister of the Interior, Herr Werner Maihofer, exceeded his legal powers in authorising the operation against Dr. Traube, the party committee declared its support and admiration for his handling of "an extraordinarily dangerous situation."

The committee of the SPD, after a meeting in which Chancellor Helmut Schmidt took part, issued a more circumspect statement to the effect that while it understood the urgency of taking action against internal terrorism, it was also mindful of the need for the federal counter-intelligence agency to stay strictly within the law.

Herr Maihofer is to issue a full report on the case to-morrow after explaining his decision to the Bundestag Internal Security Committee, and will doubtless be asked why Herr Schmidt was told of the operation only last Saturday.

According to a lengthy account in Der Spiegel to-day—which Herr Maihofer has incidentally confirmed in substance — the counter-intelligence service installed bugs in Dr. Traube's house and followed his activities for a year because he had been in contact with several people closely associated with extreme left-wing terrorist groups.

Dutch ports back to normal after strikes

By Michael Van Os

AMSTERDAM, Feb. 28.

OFFICIAL spokesman for the employers organisations in the ports of Rotterdam and Amsterdam reported normal activity to-day although substantial backlogs remain in several sectors in the ports.

The return to work over the week-end of an estimated 7[illegible] workers ends about 17 weeks of industrial action in the ports where business in the non-oil sector virtually halted.

The return to work follows a provisional agreement between employers and employees reached last Friday morning after 13 hours of continuous negotiations through the night. There was solid support for the trade union executive directive to their members to return to work on the basis of the agreement which includes wage indexation and a [illegible] incomes agreement.

In the metal industry talks are progressing well, but the unions are rejecting the employers' proposal to abolish the minimum wage payment for the youngest employees. On the point of wage indexation and real income improvement a provisional agreement has already been reached and all strikes have been suspended in this sector.

Wage negotiations at large multi-national companies will resume later this week after technical snags over agreed wage indexation details are smoothed out. But 300 staff members at the computer centre of ABN, Holland's largest bank, staged a work stoppage of one hour this morning to show dissatisfaction at the slow progress in the national wage pact talks for the banking sector.

Meanwhile, the Finance Ministry said to-day that, as a partial result of a higher than expected wages bill last year, the 1976 budget income had been higher than earlier forecasts. The budgetary deficit improved to Fl.10.[illegible] compared with Fl.10.[illegible] while the actual budget deficit fell by Fl.2.7bn.

New move against Czech dissident

PRAGUE, Feb. 28.

DISSIDENT PLAYWRIGHT Pavel Kohout, who has been told to leave his flat on Prague's picturesque Hradcany Castle hill, to-day described the move as a kind of deportation.

Mr. Kohout said he had been officially told his flat in the former Schwarzenberg Palace would be recovered by the Prague City Committee for reconversion. He said the authorities were obliged to provide him with a choice of three flats similar to the one he was leaving and in the same area, but Mr. Kohout said until now he had been offered only one flat "totally unsuitable," in a distant suburb.

He said he would appeal and recalled that since he came out in support of the Charter 77 human and civil rights manifesto he had his telephone cut off, his identity card, driving licence and car papers taken away, and that the authorities were now refusing his social security contributions.

● Soviet dissidents living in exile announced plans to-day in Vienna to keep Western public opinion regularly informed about human rights violations in the Soviet Union.

The exiles said six human rights activists were acting under orders from the dissident Helsinki Observance Committee in Moscow to keep Western organisations and political parties in touch with human rights developments.

Reuter

Fish talks delay

Fishing negotiations between the Soviet Union and the EEC due to resume in Brussels yesterday have been postponed at Russian request, EEC officials said, Reuter reports. The officials said Russia had asked for the postponement because of urgent fisheries talks in Moscow between Soviet Fisheries Minister Alexander Ishkov and a Japanese delegation.

Swiss GNP growth

Gross national product in Switzerland is likely to expand by only 1.8 per cent. in nominal terms this year, according to a report issued by the Swiss Government's Commission for Economic Studies, writes John Wicks. This would follow an estimated 1.8 per cent. growth last year and a decline of 1.5 per cent. in recession year 1975. In real terms, the economy is expected to stabilise in 1977 with a rise of only 0.3 per cent. in price-weighted GNP.

The Financial Times, published daily except Sundays and holidays. U.S. subscriptions $175.00 (air freight) $344.00 (air mail) per annum. Second class postage paid at New York, N.Y.

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EUROPEAN NEWS

Low demand forces major lay-offs in French industry

BY DAVID CURRY

PARIS, Feb. 28.

KEY FRENCH motor, steel and aerospace companies are to introduce further lay-offs because of the weakness in demand.

The Renault lorry subsidiary Berliet is to lay off 14,000 of its 21,000 workforce for five days in April because of the shortage of orders. It imposed a similar cut-back between Christmas and New Year, but in April it is also clipping 30 minutes off its standard working week. Berliet workers will get 60 per cent. of normal pay during their enforced idleness. The Berliet sister company, Saviem, has been forced to cut production.

Two plants belonging to the steel concern Usinor will introduce lay-offs or a shorter working week: at Longwy a reduction of the working week from 32 to 30 hours will affect 7,000 workers at the scrap, steel and rolling mill divisions while at Thionville almost 4,000 men in all but the forging and foundry workshops will be idle for nine days during March. Management has said that more than the expected 882 jobs will be suppressed completely during the year.

Around 14,500 workers in the aircraft division of the nationalised concern Aerospatiale will be out of work for 20 days this year following the slow down of the Airbus production programme. The unions reckon that despite the partial pay guaranteed by the company workers will lose between 5 and 5½ per cent. of annual salary, and have demanded instead a 90 minutes reduction in the working week to 40 hours.

The company also manufactures Concorde and the French Transport Minister, M. Marcel Cavaille to-day flew to Washington to discuss landing rights for the aircraft at New York with his counterpart Mr. Brock Adams.

The Foreign Minister, M. Louis de Guiringaud, to-day told a Press lunch that if Concorde were refused New York landing rights, Paris "might be forced to take measures." He echoed the Prime Minister, M. Raymond Barre, in declaring that the Government attached "the greatest possible importance" to the aircraft's being able to land at New York.

The issue is vital for Aerospatiale since new orders are urgently needed to maintain production at Toulouse, already overshadowed by the failure to win a single new order for the airbus last year.

The latest survey of business opinion researched by the INSEE Institute finds that most industrialists expect production to stay at present levels for the next few months. It noted a build-up of stocks beyond seasonal norms and said production continues to outpace deliveries. Order books already inadequate, are thinning out further despite a recovery in foreign demand.

● Police expelled striking workers from the American-owned Eaton-Manil factory near here early to-day, Reuter reports from Sedan, France.

A strike and week-long occupation at the plant threatened to halt the entire French motor industry. Eaton-Manil supply the Ducellier, Bendix, Air-Equipment (DBA) company which manufactures brake components. The workers had ignored a court order for the plant's evacuation during a dispute over a pay claim.

Communist pressure on Spanish government

The Spanish Communist Party maintained its pressure on the Government yesterday by seeking permission to hold a news conference in Madrid on Wednesday to mark the "Eurocommunist" summit meeting which is to be attended by the secretaries-general of the Italian, French and Spanish parties, writes Roger Matthews from Madrid.

The two days of talks have been timed to coincide with the application the Spanish party has made for legalisation. Supreme Court judges, who have to decide whether the Communist Party's articles of association infringe the provisions of the Penal Code, have already begun their deliberations although there are indications that they may rule that the issue is outside their competence.

The Cabinet is meanwhile faced by a growing revolt by farmers over guaranteed prices and a number of associated issues.

Athens shutdown

More than half the shops in Athens were closed yesterday by a 24-hour strike by employees who object to a Government decision to abolish their three-hour mid-day siesta, Reuter reports from Athens. The Government, trying to cut Greece's heavy oil imports bill and streamline opening hours to general European standards, has imposed a 9 a.m. to 5.30 p.m. working day on a trial basis until May 15.

E. German pact

East Germany and Poland were yesterday reported ready to sign a new all-embracing friendship and mutual aid treaty after a surprise week-end visit to Warsaw by East German Communist Party chief Erich Honecker, Reuter reports from East Berlin. East Germany has renegotiated friendship treaties—seen in Eastern Europe as the basic document for bilateral relations—with several fellow Communist states in recent years to drop any previous references to an eventual goal of East-West German unity.

POLITICS IN LORRAINE

The Left grows stronger while its rivals squabble

BY A SPECIAL CORRESPONDENT

THE LEFT has suddenly grown so strong here in Lorraine, that Gaullists and Centrists can no longer afford the luxury of their 20-year feud. "If in the local elections in March they stage their usual jousts, the Left will walk over them." The speaker was the regional Prefect, in Metz. He should know, as much as anyone can.

This northern stretch of Lorraine, around the iron and coal mines, is a part of France that gives one a weird feeling of not being in France at all, but in some British industrial valley. The ageing steel-mills breathe their fire into the dark sky. The mean little houses climb up the hillsides. People are poorly dressed; even the shops lack the usual French glitter. There is a sense of industrial decay.

Yet Lorraine has almost none of the Left-wing tradition you find in other working-class areas, such as the Nord. Lorraines are unusually religious; their history of annexation and their frontier position have imbued them with a strong French patriotism, and, though they may not care to admit it, they have inherited a Germanic sense of orderliness and respect for authority. All this has kept them loyal to the Government majority, even though its constituent groups are historically divided in Lorraine. This is the homeland of the late Robert Schuman, leader of the MRP and noble European, and the heartland of his foe, General de Gaulle, who took the Cross of Lorraine for his badge. The two clans are still at war, as witness the angry struggle in January for the regional council presidency, when Jean-Jacques Servan-Schreiber himself, Centrist deputy for Nancy, narrowly defeated M. Pierre Messmer, Gaullist ex-premier and a Moselle deputy.

Yet the old order will change, for the Left has woken up. In the 1973 general election it won only three of 21 seats in Lorraine. On current form it is tipped to take another six next time, the Socialists advancing from one to five and the Communists from two to four. "We reckon that here in Metz," the Centrist mayor told me, "the Left's support has risen from 18 to over 40 per cent. since 1971, and it is the same elsewhere."

Friction between Socialists and Communists is far less here than in a region such as the Nord where their rivalry is much older. The swing to the left has many of the same causes as elsewhere: worries about jobs, inflation, disenchantment with President Giscard d'Estaing, boredom with 19 years of much the same régime. There are also some potent local factors:

● The clergy has been moving left. Until recently, many priests would preach that to vote for the Left was mortal sin—and their faithful flock hearkened. To-day, many younger priests make no secret of their socialism—and their faithful flock hearken.

> With so many takovers by faceless Paris executives, workers have lost their sense of security and human contact. They query the old values; they are more militant.

● The old industrial paternalism is on the wane. A union leader in the steel zone told me: "There used to be family firms only here, and a man would work for the same one all his life, unquestioningly. To-day, with so many takeovers by faceless Paris executives, and lay-offs, workers have lost their sense of security and human contact. They query the old values; they are more militant."

● And there is Lorraine's own economic crisis, far from new. Along with the Nord, this is one of the two main regions in France where the problem has been that of reconverting an archaic industrial tissue, rather than of enticing new factories to rural zones, as in the West. For some years State and local bodies have strained their sinews, as in the Nord, to work the miracle of diversification, and not entirely in vain.

Hundreds of new businesses have moved in, attracted by Lorraine's favourable position in the EEC and the qualities of its workforce. The old, declining industries (coal, steel, textiles) account for only one-third of productive jobs, against two-thirds a decade ago — although local majorité politicians are clutching at the straw that the Government's steel industry rescue plan, just announced, will help bring them back some votes.

Yet all this impressive effort has not been enough. Lorraine has never achieved its ambition of being able to look the Saar in the face as equal partner; and now the world crisis has re-emphasised its vulnerability, notably of the iron and steel industry which still employs 90,000 people. The local managers of the big steel firms privately admit their mistakes. They failed to modernise their plant in time; they are chaotically overstaffed in the offices as well as on the shop floor. In turn they blame the Government for preventing the necessary lay-offs.

Throughout Lorraine, the lack of local jobs is helping the Left. Emigration is at a high rate, and the German slow-down has taken work away from thousands who had commuted across the frontier. As in the Nord, there is the vicious spiral of new investors being frightened away by the rise of the Left, which adds to recession, which adds to the attractions of the Left.

But the factions of the majorité will also have to reach an entente, if they are to avoid disaster. Their feud is a complex one, on two conflicting levels: between Gaullists and Centrists, and equally between Nancy and Metz, twin capitals of Lorraine and ancient rivals. In the regional council election, J-J S-S defeated M. Messmer only because two Centrist delegates from the Metz area finally switched to him. What especially infuriated the Gaullists of Metz was to see Metz men, Centrists or not, deserting to the Nancy camp. Their revenge, albeit not very logical, is the threat to vote against the Centrist mayor of Metz next month.

This sort of squabble can lead to absurd duplication of resources: if Nancy gets a new hospital, then Metz will scream the place down till it is given one just as good. Since the war Metz has shown rather more dynamism than its larger enemy, and was rewarded by Paris with the site of the regional Prefecture. When, more recently, Paris also decided to run the new Strasbourg motorway past Metz, Nancéiens were really up in arms. They called in J-J S-S, not a Lorraine at all, as a kind of mercenary to help redress the balance. He has done something to calm tempers in a feud that more sensible Lorraines admit is damaging to their province.

He has appointed himself "Monsieur Lorraine," to defend the wider cause in Paris. With some success: he has cleverly used the limited powers of the new regional council to force the State's hand into giving priority to some projects, such as the planned new motorway to Dijon that will link Lorraine to the south and bring it nearer to its goal of becoming "the crossroads of Europe." J-J S-S is grudgingly admired locally even by many people who dislike his politics or his arrogant, unpredictabe personality.

The "regionalist" bee in his bonnet to-day buzzes louder than ever. When I asked what was the cure for Lorraine's industrial ills, he said: "The transfer of economic powers of decision from Paris to the regional councils. We here could solve the problems that the ministries do not even understand." And his recipe for keeping the Left out of power next year? "Again: more devolution. Give people here that, and they'll vote for us. But that panacea is not on the cards politically—neither with the Gaullists nor with the Communists.

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OVERSEAS NEWS

Uganda invites U.S. observer to meeting

WASHINGTON, Feb. 28.

UGANDA has invited the U.S. Government to send an observer to President Idi Amin's meeting this week with Americans living in Uganda, a State Department spokesman said. But the spokesman said the Government had not yet decided whether to have a representative at the meeting, scheduled for Wednesday.

President Carter said yesterday that the U.S. was watching the situation closely and wanted to take advantage of the "good wishes" President Amin had expressed.

According to Uganda Radio, President Amin has promised celebrations and African dancing for the Americans, most of whom are missionaries. Reuter

John Worrall adds from Nairobi: Reports are circulating here that British residents remaining in Uganda have been invited to join President Amin's meeting with the 240 Americans. The British High Commission in Nairobi was unable to confirm the reports to-day and the Foreign Office in London said it had no indication of such a development.

One big mystery about the Wednesday meeting, to be held in the passenger lounge of Entebbe Airport, is that some 3,000 people are going, according to Kampala sources. Nobody quite knows yet who they all are. The last rally of this size in Uganda was on February 16 when the late Archbishop Janani Luwum was accused of plotting against the State. Some 3,000 soldiers came to this rally and afterwards the Archbishop and two detained Cabinet Ministers were killed in what the Uganda Government claims was a car accident.

Meanwhile Uganda sources report the appearance of groups of Cubans in the country working under the aegis of the Uganda Cuban Friendship Association. It is said they are not military personnel but political propagandists teaching Soviet-style Communism to groups of Ugandans in various parts of the country. Kenya officials believe that an army presence may follow the political men. Last month a military pact was signed between Cuba and Uganda.

Ugandan refugees arriving in Nairobi say that Maj. Gen. Francis Nyangweso, the former Minister of Culture and Community Development, has been arrested. He was sacked from his post last week.

Egypt, Syria, Sudan form unified political command

BY OUR FOREIGN STAFF

EGYPT, SYRIA and Sudan yesterday announced the formation of a unified political command in Khartoum, where the three heads of state have been meeting since their arrival on Sunday. President Assad of Syria, who made the announcement, said he hoped the command would become the nucleus for full Arab unity in the future.

On December 21, Egypt and Syria announced the establishment of a unified political command, which marked the end of more than a year of acute disagreements between the two countries over Syria's role in Lebanon and Egypt's second disengagement agreement with Israel in Sinai. It was expected that the tripartite summit in Khartoum would ratify Sudan's participation in the Egyptian-Syrian political command, but it was not known immediately whether the tripartite agreement differed in its provisions from the December agreement.

The two-day conference of the three presidents provided something of an insurance policy for President Nimairi, for within the expression of Arab solidarity is a warning to both Libya and Ethiopia to stop plotting his overthrow. President Sadat of Egypt, said on arrival at Khartoum Airport on Sunday—and Egypt and Sudan were already bound by a defence pact—that aggression against Sudan would be considered aggression against Egypt and Syria. President Assad said a strong Sudan was important to the Arab world, and that Syria would support Sudan "in the face of all challenges."

During the conference, there was to be closer co-ordination of policies towards the peace efforts in the Middle East, and Red Sea Security. Sudan is seen as forming a "strategic backyard" for Egypt and Syria, the leading front line countries with Israel, and helping to tighten Arab action, through its coastline along the west coast of the Red Sea, against a hostile Israeli presence. The new alliance appears, too, to have the vital backing of Saudi Arabia, which provides substantial economic backing for all three states. Presidents Sadat and Assad flew to Cairo after the last session yesterday.

The two-day tripartite summit precedes the Afro-Arab summit, due to open in Cairo on March 7, and this is expected to produce a number of economic accords in addition to political declarations.

The three leaders held their two-day meeting in Khartoum shortly before the Afro-Arab summit which is due to open in Cairo on March 7. This is expected to produce a number of economic accords in addition to political declarations.

Sudan itself is a combination of an Arab Moslem north region, and a non-Moslem non-Arab southern region, and this agreement in Khartoum at least symbolically indicates that the Arab world is keen to undo the damage done by its slow reaction to the effects of rising oil prices after the 1973 Arab-Israeli war on many of the poorer African nations. The Arab world is anxious to rebuild Arab-African links and create more permanent political and economic ties, not least to confront Israel.

As President Sadat said on his arrival in Khartoum, such continental co-operation would be "the first time in the history of the world that those who possess raw materials, energy sources and capital have come together."

Lebanon consults diplomats on UN troops

BEIRUT, Feb. 28.

MR. FUAD Butros, the Lebanese Foreign Minister and the U.S. Ambassador, Mr. Richard Parker, to-day began discussions aimed at halting factional clashes between Leftist and Palestinian guerillas and Israeli-backed Conservative militias in South Lebanon. The talks covered a proposal to station UN peace keeping troops in the area, political sources said.

Mr. Butros will meet the envoys of France, the Soviet Union and other countries later this week, the sources said. The U.S. has served as a go-between, relaying messages among the Israeli, Lebanese and Syrian Governments, in an effort to contain the fighting.

Artillery fire resumed at midday around the Leftist-held town of Nabatiyeh, nine miles from the Israeli border, after a short morning lull.

President Elias Sarkis called a Cabinet meeting to-day to discuss the explosive situation following his meeting at the week-end with Mr. Yasser Arafat, the Palestinian leader, whose guerillas have been pushed back from the border by the conservative militias.

Several politicians have proposed requesting the UN to station peacekeeping troops in the area after Israel's refusal to accept units of the Syrian-dominated Arab League peace force on her northern border.

"The armed Israeli aggression that led to the occupation of vast Arab territories on the Golan, in the Sinai and the West Bank of Jordan to-day takes covert form in the shape of a plan for a similar occupation of the south," Mr. Saeb Salam, a former Premier and long-time leader in the Moslem community, said yesterday: "This occupation can only be confronted by an international deterrent force." UPI

Japan to fish in Soviet zone

BY DAVID SATTER

MOSCOW, Feb. 28.

THE SOVIET UNION to-day agreed to allow Japanese fishing vessels to continue operating within 200 miles of the Soviet coast, while negotiations continue for an interim agreement on Japanese fishing rights in the newly declared zone.

Japanese Agriculture and Forestry Minister Zenko Suzuki, who to-day met for 4½ hours with Soviet Fisheries Minister Alexander Ishkov, said that Mr. Ishkov confirmed that the USSR will not begin restricting Japanese fishing vessels to-morrow, when the Soviet 200-mile zone in the Far East officially goes into effect.

The USSR announced on Thursday that a 200-mile zone in the Bering Sea, the Seas of Okhotsk and Japan, the Chuckchee Sea, the Pacific and Arctic Oceans (including water around islands) would go into effect on March 1. Japan has made an official protest against the move, objecting to the inclusion in the Soviet zone of water off the Kuril Islands, which the Soviet Union has occupied since the end of World War II. Mr. Suzuki said, before leaving for Moscow, that he was seeking a way to ensure safe Japanese fishing around the islands, and a means of minimising the effect of the new zone on Japanese fishermen generally. The negotiations in Moscow will continue to-morrow.

Sino-Soviet talks break off

HONG KONG, Feb. 28.

MR. LEONID ILICHEV, the Soviet Vice-Foreign Minister and chief negotiator at the Sino-Soviet border talks, left Peking to-day after three months of fruitless negotiations.

When the talks resumed three months ago, after an 18-month break there was speculation that he might achieve a breakthrough with the new Chinese leadership but diplomatic sources in Peking said there was "no indication at all that any progress was made during his talks." Only about ten working sessions were held during his three-month stay and the "concrete border problems" were not even touched on, they added.

Mr. Ilichev was received by the Chinese Foreign Minister only once and for less than an hour. His negotiations were with the Vice-Foreign Minister, Mr. Yu Chan, who saw him off at the airport.

Before leaving Peking, Mr. Ilichev responded with a grimace to a reporter's question whether the negotiations had achieved anything. "Well, all negotiations have some success," he replied. UPI

Non-aligned in Tunis for talks on information

By Our Own Correspondent

TUNIS, Feb 28.

A CALL for co-operation in the field of information and media between non-aligned countries, as well as between the developed and developing countries, was made by the Tunisian Prime Minister, Mr. Hedi Nouira, at the start of the inter-governmental Council on Co-ordination of Information of the Non-aligned Countries.

Fifteen African, Arab and Latin American countries and Yugoslavia, are on the council. The two-day meeting is aimed at putting into effect the decisions taken at the Algiers Non-aligned Conference in 1973. It also follows decisions at later meetings in Mexico and Delhi in 1976, which voted for the new order in the field of information and the creation of mass media pools for gathering and disseminating information.

Mr. Nouira, in his inaugural address, pointed out that the work of Western journalists is often dominated by lack of objectivity and hostile mental attitudes towards non-aligned countries. Some of the participants, away from the conference room agree that the information coming from a national Press agency could also be dominated by lack of objectivity and a temptation to make propaganda.

Civil servants strike averted in Israel

By Tom Ackerman

TEL AVIV, Feb. 28.

A PRE-DAWN wage agreement to-day with 140,000 public service employees averted a crippling nationwide strike and quite probably the Government's pending wage, price and tax freeze programme in the Knesset (Parliament).

The magnitude of the two-year agreement, costing £Is.700m., which is retroactive to last April, was unavoidable, said the Minister of Finance, Mr. Yehoshua Rabinowitz. Treasury officials said the settlement obviously meant a significant upward revision of their estimates of a 25 per cent. inflation rate this year.

Libyan power structure talks

BY MICHAEL TINGAY

SEBHAH, LIBYA, Feb. 28.

THE LIBYAN General People's Congress, the third since Col. Muammar Khedaffi initiated his cultural revolution more than three years ago, got under way to-day in this sleepy Saharan town 600 miles to the south of Tripoli.

More than 1,000 delegates from local and regional congresses, popular committees, trade unions, professional, academic and other bodies swelled the 30,000 population of this town where Col. Khedaffi and his then teenaged colleagues first discussed the overthrow of the monarchy. Along the gaily decorated streets, posters of Fidel Castro signalled the expected arrival of the Cuban leader as a guest.

Maj. Abdel Salam Jalloud, the Prime Minister, reminded delegates in the opening address that this extraordinary session of the congress was the final stage in the process of handing over power to the 2.5m. people of Libya. Subjects to be discussed over the next three days include the renaming of the Libyan Arab Republic and more crucial issues like the possible dismantling of the Revolutionary Command Council, the ruling body of the Government since the revolution in 1969.

But it was not immediately clear how Col. Khedaffi's experiment in democratisation would develop.

Delegates seemed unconcerned by the summit conference in Khartoum, where Col. Khedaffi's arch enemies, Presidents Sadat of Egypt and Nimairy of the Sudan were meeting President Assad of Syria.

Saudi oil price rise above 5%, Iran alleges

Jamshid Amuzegar, Iran's Minister of State, has claimed that Saudi Arabian oil is being sold at $12.60 a barrel, rather than the formally announced price of $12.09 a barrel, AP-DJ reports from Tehran. This would represent a 9 per cent. price increase, rather than the 5 per cent. the Saudis announced they were making. The Iranian minister however said the Saudi Arabian people only received $12.09 a barrel for their oil. "God knows where the different goes," he said.

Namibia conference

The Namibian constitutional conference will resume in Windhoek to-day with machinery for enforcement of fundamental rights as the main obstacle to agreement on a draft constitution for interim government, John Stewart writes from Cape Town. The conference is expected to petition the South African Government to institute multi-ethnic rule, in preparation for independence on or about December 31 next year.

Sri Lanka poll

Mrs. Sirimavo Bandaranaike, Prime Minister of Sri Lanka, said yesterday that general elections will be held on August 28, UPI reports from Colombo. Parliament will be dissolved on May 22 as required by the constitution.

Indian oil find

Commission has sunk an exploratory well in a new offshore structure on the western continental shelf known as Angia Bank, about 100 miles off the Ratnagiri coast of Maharashtra, K. K. Sharma reports from New Delhi. The structure is expected by the Commission to be as large as the Bombay High oilfield, where production has now reached 32,000 barrels a day.

Thai curfew

The Thai military authorities have imposed a night curfew and special restrictions on the sale of certain foods and goods in a fresh drive against Communist guerillas in southern Thailand, Reuter reports from Bangkok.

Malcolm Rutherford reports on a new study of the economic consequences of Israel's occupancy of the Gaza Strip and the West Bank of the Jordan

Growing together—but it's still not too late to part

TEN YEARS ago, in the course of the third Middle East war, the Israeli armed forces entered the Gaza Strip and the West Bank of the Jordan and the two territories have remained occupied ever since. The Israeli purpose was entirely strategic, and it may be doubted whether economic factors ever entered into the account.

The Gaza Strip had been previously administered by Egypt, but had never become integrated into Egyptian economic life. It covered an area of only 140 square miles and had a population of about 400,000. Its economy was primarily agricultural. Annual per capita income in 1967 was around $15.

The West Bank, covering more than 2,000 square miles, had a population of 900,000. It had been formally annexed by the Hashemite Kingdom in 1950, but probably enjoyed less than an equal share of Jordanian development. Its economy was again primarily agricultural and its per capita income around $200.

What was new about the occupation, however, was that for the first time since before the foundation of the state of Israel in 1948, the three territories—Israel, the Gaza Strip and the West Bank—came under a single political authority. This was bound to have economic consequences, just as there are bound to be economic consequences if the map is again re-drawn to allow the creation of a Palestinian mini-state composed of the Bank and the Strip.

Quite what these future consequences would be would depend, of course, in large measure on the politics. But with the possibility of the creation of such a state through the resumption of Middle East peace negotiations very much in mind, it is worth looking at whatever economic guidance there is. This consist mainly of a study of the economic developments in the territories over the past decade.

Such a study was commissioned in mid-1975 by the Carnegie Foundation for International Peace and has now been published in the form of a book* by Brian van Arkadie, now Professor of Economic Development at the Institute of Social Studies in the Hague. Most of the work is based on already published sources, but this appears to be the first time that they have been systematically and objectively put together.

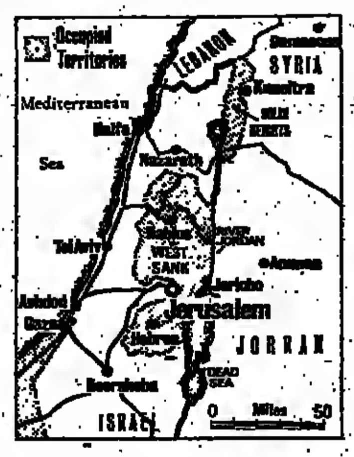
Far from the occupation being a drain on its resources, Israel may actually have been doing rather well out of it.

The picture that emerges is one of growing economic interdependence between Israel and the territories. It could hardly be otherwise since the links between them before 1967 were virtually nil. There have also been some mutual benefits, though it has remained essentially a relationship between a relatively high income, capital intensive area and territories both with a low income and a labour surplus. The interdependence has not reached the point where there would be intolerable strains if the links were severed.

The benefits to Israel have lain principally in access to a plentiful supply of labour and the provision of a captive market for Israeli goods. The Gaza Strip and the West Bank have benefited in terms of the demand for labour bringing more people into active employment and generating a considerable growth in incomes.

The figures on which Mr. van Arkadie draws tends to stop around 1974 and there may have been some changes since, the more especially as the period 1968-73 was one of high Israeli economic growth, which has not subsequently been maintained. Nevertheless, some of them are striking. The number of West Bank and Gaza Strip workers employed in Israel, for example, advanced from zero in the first year of occupation to a recorded peak of nearly 80,000 in the third quarter of 1974. This accounted for about 6 per cent. of total employment in Israel and, given its heavy concentration in the construction sector, must have played a significant role in Israeli growth.

The figures are even more striking looked at the other way round. In mid-1974 Israel accounted for no less than 31.7 per cent. of the total employment of West Bank and Gaza Strip residents, and if self-employment is excluded, it provided employment for around half of the territories' wage labourers.



Not the least significant was the impact of Israeli wages. These were not only a new source of income; they also had the effect of pushing up wages inside the territories. By 1973 wages earned in Israel amounted to 28 per cent. of the territories' GNP, and wage rates in the territories were beginning to catch up.

Some of the most dramatic figures, however, are concerned with trade. By 1972-73, 58 per cent. of the territories' exports were going to Israel, while Israel supplied no less than 88 per cent. of their imports. Some of the West Bank's produce still went to Jordan as a result of the Israeli Government's "open bridges" policy, but as a source of supplies Jordan had virtually disappeared.

For Israel the territories had become a key market. In 1973, when the relative importance of this trade may have reached a peak, they accounted for 12 per cent. of Israeli exports and were second only to the U.S., though they were not directly a source of much foreign exchange since the goods could be paid for in Israeli currency.

Financially, it is not surprising in the light of these figures that far from the occupation being a drain on Israeli resources, the country may have been doing rather well out of it. Not only did it develop a large trade surplus, it was also able to levy taxes on the earnings of workers from the Bank and the Strip in Israel, duties on Israeli goods exported to the territories, and taxes on goods consumed. By the early 1970s it would not have been difficult for these returns to exceed the outlays on the territories by the military Government.

What then of the overall economic impact of the occupation on the territories? The Bank of Israel has estimated real GNP growth of an average 18 per cent. a year in the period 1968-1973 and an annual growth of per capita product of 15 per cent. Mr. van Arkadie rejects these figures, giving his own estimates of GNP growth of 9 per cent. a year and per capita growth of 6.7 per cent. over and above an allowance for post-war recovery. Nearly half the increase is accounted for by wages earned in Israel.

By normal standards, this would be a formidable performance and there can be no doubt that the territories have become much richer. But there are two other factors which are even more notable. The first is that economic growth has in no way changed the political situation. The conflicts between the Israelis and the Palestinians continue. The second is that the Israelis did not seek the full integration of the territories into the Israeli economic system. They have made no major investments in either their industrial capacity or their infrastructure. The absence of such investment should make the pattern of economic dependence which has developed easier to break.

While rising incomes may have benefited the territories in the short term, there may also be reasons, other than political, why some sort of a break should be accelerated. For one thing, the occupation has led to little industrial development. As a percentage of GNP, the industrial sector has actually declined from 7 to 6. For another, trade contacts with the rest of the world have been limited, especially with the rest of the Middle East which ought to be a natural market. There has been no attempt, for example, to develop the Gaza port, which could well serve Jordan and even Saudi Arabia. Nor has there been any effort to link the economies of the Bank and the Strip with each other.

How and if the break will come are, of course, political questions, the answers to which would go a long way to suggesting how the economy of a Palestinian mini-state might work. Much would depend, for instance, on

The Israelis have not sought to integrate the territories fully into their economic system, making no major industrial or infrastructure investments.

whether some economic links with Israel were maintained, on the size of the population influx, and on the extent of outside aid in the early stages of re-orientation.

These are questions beyond the scope of Mr. van Arkadie's study and indeed of economic analysis. At the very least, however, it cannot be said that on economic grounds alone, economic life in the territories would no longer continue if they were allowed a greater say in framing their own economic environment. It is possible to envisage an economically viable mini-state, at least hypothetically. Mr. van Arkadie suggests no more than that but it is already a significant conclusion.

* *Benefits and Burdens: A Report on the West Bank and Gaza Strip Economies Since 1967. Available from Carnegie Endowment New York and Washington. $3.75.*

AMERICAN NEWS

Record U.S. monthly trade deficit

By Jurek Martin, U.S. Editor

WASHINGTON, Feb. 28.

THE U.S. incurred its worst-ever monthly trade deficit in January, largely because of the ravages of the cold winter and the natural gas shortages.

Exports in the month, $9.59bn., were far outstripped by $11.27bn. worth of imports. The resultant deficit of $1.67bn. beat the previous record set in November, 1975, and was appreciably more than the $610m. shortfall of last December.

The Commerce Department, which released the figures, noted that "the adverse weather, particularly in the eastern half of the country, experienced during January forced the closing of many plants and hampered the movement of goods from points in the interior of the U.S. to ports of exportation."

The decline in exports, from the $10.41bn. level of December, was spread widely across the sectoral board. Sales of aircraft, food, chemicals and manufactured goods all fell sharply.

On the other hand, the nation's imported fuel bill continued to rise, in spite of a small decline in the cost per barrel of imported oil compared with December. Oil imports in January cost $210m. more than in the previous month, reflecting the greater volume of petroleum imports.

January represents the second consecutive month during which imports have been above the $11bn. level, following six months when they had averaged about $10.5bn. a month. Exports, on the other hand, topped $10bn. only once last year—in December.

The reversion to a trade deficit last year, following the $11bn. surplus of 1975, had essentially reflected the fact that the American economy had been recovering from the recession at a faster pace than those of its major trading partners. It had not therefore been considered a matter of great concern for the Administration.

The January returns will also be considered in the light of the impact of the winter, which has shown up in several other domestic statistical measurements already, and which is likely to be sharply felt in the February returns when they are published.

However, the Carter Administration continues to believe that the worst of this onslaught is now over, and that the economy will ride on its underlying strength to resume a path of healthy growth.

NYC may not get $225m. federal aid before deadline

BY STEWART FLEMING

NEW YORK, Feb. 28.

MR. MICHAEL BLUMENTHAL, the U.S. Treasury Secretary, has warned New York City that he doubts whether he should advance the city another $225m. to keep it solvent in the second week of March.

The city's chief financial officer, Comptroller Harrison Goldin, warned last week that, without further support, New York would run out of cash on Friday, March 4.

Mr. Goldin has since resorted to postponing payment on several outstanding bills in order to delay the cash crisis. The city has to meet wage payments on March 11 and debt service payments on March 14 and 15. Mr. Goldin has said he does not see how these debts can be met.

New Yorkers have become more and more accustomed to headlines warning of a new cash crisis, and are finding the feeling that once again the city is crying wolf hard to resist. There is indeed more than a touch of brinksmanship in this latest fiscal crunch. But the stakes are high, and while none of the leading players at the table wants to see the city in the bankruptcy courts, sue han outcome cannot be ruled out.

The issue at stake is the degree of independent control over the city's finances that would be acceptable and what form it should take when Federal loan support runs out in June, 1978, and the city once again has to rely on public debt markets for finance.

The city's bankers are pressing for strong independent monitoring without which, they say, New York is not a credible borrower. More important, they have brought forward to later this year the timing of a New York City public debt offering. The banks have done this by saying that a public debt issue is an essential element in the $1bn. of refinancing New York needs to fulfil a court order to repay creditors, following a ruling late last year that a debt moratorium called on credits of this amount was unconstitutional.

While the banks have been able to impress their views on the mayor who has gone some way to meet them, the city's unions have fiercely opposed strict independent monitoring. The unions fear that a body able to void city contracts after 1978 might interfere with collective bargaining and restrict union wage increases, thus shifting political power away from the city's elected officials.

The unions, like the banks, have been able to bring pressure on the city because of their position, through municipal pension funds, as perhaps the largest of the city's creditors. It was the refusal last week of the pension funds, which have several hundred million dollars of city debt, to add to these holdings by lending the city another $225m. that brought on the current crisis.

Mr. Abraham Beame, the mayor of New York, announced that the creditors, banks, union leaders, and city officials will meet later to-day and will continue negotiations until an agreement is reached.

The major has been seeking a compromise between the unions and the banks since the beginning of the year under the pressure of a court order but without a firm deadline. Now the city is running out of cash there is a deadline.

SEC may seek additional powers

BY OUR OWN CORRESPONDENT

NEW YORK, Feb. 28.

THE U.S. Securities and Exchange Commission (SEC) may ask Congress for legislation to give it additional powers of subpoena-enforcement in order to help the agency investigate foreign organisations not subject to the jurisdiction of the U.S. courts.

This is one of a number of legislative objectives which the agency has recently compiled. The SEC has indicated that there are a number of ways in which additional pressure could be brought on foreign entities, including authorisation for courts to order such things as impoundment of dividends, the revocation of voting rights and the prohibition of securities transfers.

The new legislation may be sought because of the continuing problems the SEC runs into in investigations when attempting to get information overseas.

Last week the SEC adopted new rules effective at the end of August requiring fuller disclosure of foreign ownership of U.S. public corporations.

The new rules would provide an early warning of the build-up of foreign stakes in the companies and possible early warning of takeover moves.

Under the rules a person who shares the power to vote or dispose of 5 per cent. or more of a company's stock will be required to disclose this to the SEC, along with their citizenship, employment history and any criminal convictions.

AP-DJ adds from Washington: In a sudden about-face, Attorney General Griffen Bell has fired the Government's antitrust chief, Mr. Donald Baker. Only a few weeks ago, Mr. Bell asked the Assistant Attorney General to remain in the Justice Department's antitrust post he has held since August. The understanding was that Mr. Baker would stay on at least through the summer and perhaps longer.

U.S.-Brazil nuclear talks

BRASILIA, Feb. 28.

A SENIOR U.S. delegation arrives here to-morrow for sensitive talks on Brazil's nuclear deal with West Germany which the Carter Administration opposes strongly.

The American delegation is headed by Mr. Warren Christopher, Under-Secretary of State, who led previous talks in Washington with the West German Government about its multi-billion dollar nuclear deal with Brazil.

A U.S. Embassy official said the U.S.-Brazilian talks will be tightly sealed, evidently to avoid offending the Brazilians, who have been highly sensitive to U.S. pressure against the nuclear deal. The U.S. Government opposes the deal because it would enable Brazil to produce plutonium, an essential ingredient for making nuclear weapons. Last November Mr. Carter said he would seek through normal diplomatic channels to abrogate the sale of plutonium reprocessing plant to Brazil, as well as a similar deal between France and Pakistan.

The Americans and other nuclear powers have been wary of letting nuclear technology spread since India exploded a nuclear device in May 1974 with plutonium from a Canadian-supplied reactor.

The German-Brazilian agreement, signed 19 months ago, provides for the largest wholesale transfer of nuclear technology ever contracted between two States, and both sides expect a rich return.

AP-DJ

Gordon Weil describes a U.S. legal battle with major implications

The Indian claim on Maine

TWO INDIAN tribes in Maine have gone on the warpath. They are suing the State of Maine for no less than 60 per cent. of its territory, which they claim was illegally taken from them almost 200 years ago. If they win, the case would have repercussions for all the 13 original States of the U.S.

Close examination by lawyers indicates that the Indians could have a case. In addition, as part of its legal obligations to the Indians, the Federal Government has brought the suit on their behalf. So it is now a case of the U.S. versus the State of Maine.

The heart of the matter is the Nonintercourse Act of 1790 which requires that Congress must approve any sale of Indian land to a State. The intention was to protect Indians from being cheated.

The suit was filed five years ago by the Passamaquoddy and Penobscot tribes, which to-day number about 1,200 people. They claim some 12m. acres of land. The numbers were so out of balance that, at first, almost nobody took the case seriously. Then, last year, the Federal District Court Judge in Maine ruled that the Nonintercourse Act applied. He asked the Government to decide if it would pursue the case. Since his ruling the Justice Department has repeatedly asked for delays, hoping that the Indians and the State of Maine would come to terms. So far they have not.

The Indians' case had taken on a more threatening tone with the intervention of a lawyer sent by the Native American Rights Fund, a national Indian welfare organisation. Mr. Tom Tureen, a young man not related to the Indians, set to work unearthing the historical record. The Federal judge, generally considered one of the best in the country, could do nothing but apply the law, even if it was an old one. In addition, Mr. Tureen managed to line up a Washington, D.C. law firm of high standing to help, and, in his best move to gain publicity, recruited Mr. Archibald Cox, the Harvard Law School professor who was the first Watergate Special Prosecutor. Mr. Cox, who owns a summer home in Maine, has become something of an American folk figure. He said that he was joining in as a way of partly repaying America's debt to the Indians.

Loans refused

Although the suit is for monetary damages of at least $300m., the Indians, if they win, would have the right to demand the return of the land. That potential demand has just about destroyed Maine's credit. Last September the state tried to issue $27m. in bonds, but found no takers. Then all federal agencies, including the Small Business Administration, the Farmers' Home Administration, and the Veterans Administration, refused to make or guarantee loans in the State. If it had continued, that ban could have brought all new home construction to a halt. Maine's members of Congress intervened and the federal money flowed again. After a brief hesitation, Maine's banks began to make loans to municipalities in the belief that they would all be repaid before the case was settled.

A similar suit has been brought by a group of Indians against the town of Mashpee, Massachusetts, making it impossible for individuals there to sell their homes, because there is a doubt whether they have a clear title to transfer. There are widespread fears that the same thing could happen throughout the State of Maine.

After having paid little attention to the suit for several years, State officials are now openly worried. They claim that the Indians ceded the land to Massachusetts, out of which Maine was carved in 1820, after having lost a war with the colonists. Others maintain that the Indians lined up with the French in the mid-18th century wars with the British, before America gained independence, and lost the land when the French retreated from the North American continent. The Maine Attorney-General, Mr. Joseph Brennan, says the Congress ratified the situation when it agreed to the separation of Maine from Massachusetts. It is obvious that Federal Government officials disagree. The Interior Department has drafted a legal statement indicating that the Indians' claims are valid. The statement suggests that they should amend their suit to include title to the land—not just money.

If the Indians decide to demand land, they have indicated that they will not disturb the rights of homeowners and city dwellers. They will concentrate on obtaining the huge stretches of forest, the only remaining wilderness east of the Mississippi. That would affect the wood and paper industry, the largest in Maine. Companies like Great Northern and Georgia Pacific would, in one fell swoop, lose a significant part of their assets. If they wanted to continue in operation, they would have to pay the Indians rent.

The Justice Department would like the suit settled out of court, because it finds the implications of the case "staggering" according to a top official there. If Maine is not to be destroyed financially by the suit, the Federal Government will have to pay the damages due the Indians. "Sooner or later, the Feds are going to have to go to the dough drawer," says the Maine banker who has been assigned to monitor the case. He would like Congress to act quickly to get the matter over. State officials and Maine's members of Congress are now working on such a solution. The outlook now is for a handsome pay-out for each Indian. Many people across the country have already filed claims, alleging they have some Passamaquoddy or Penobscot blood.

Injustices

The implications of the suit are enormous. Not only is most of one State at stake, but the Indians will use any favourable decision as a precedent in other cases. In addition to Maine and Massachusetts, they may have claims in a dozen other States. One now pending would give them the city of Syracuse, New York.

Few Americans deny the injustices meted out to the Indians by white men over the centuries. But the idea of greatly enriching a few survivors in order to avoid disrupting the finances and property rights in several States seems to some merely an added injustice. Obviously, most current landowners had nothing to do with possible illegal seizures hundreds of years ago. In the end, Congress may have to make good the claims by cash payments, while making it clear that no land should now change hands. It will be forced to act because the Justice Department has made it increasingly clear that it will press the suit if there is no relief voted.

During 1976, the Bicentennial year, Americans congratulated themselves on their successes in the New World. Now, they may have to share the wealth with the descendents of those who were there first.

Trudeau pledge on Quebec

NEW YORK, Feb. 28.

Mr. Pierre Trudeau, the Canadian Prime Minister, has said he would not use force to keep Quebec in the Canadian confederation if the people of the province decided democratically that they wanted to secede.

But he said in a week-end television interview here any attempt to promote secession through force would be met with force, as it was during a series of Quebec separatist bomb attacks in December, 1970.

"I believe our nation must be founded on the desire of Canadians to live together as one country," Mr. Trudeau said.

Reuter

Salvador protest rally

SAN SALVADOR, Feb. 28.

SUPPORTERS OF the centre-left opposition were occupying the centre of this central American capital behind barricades to-day in protest against their candidate's defeat in a Presidential Election a week ago.

Thousands of demonstrators blocked every street leading to the commercial centre of the city. Others packed the main square for the fifth successive day to hear leaders of the National Opposition Union (NOU) denounce their coalition's defeat as fraudulent.

Police and troops who have been on patrol here since the election did not remove the barricades, which have halted commercial life. There has been no violence so far. Speakers at the rally said they would continue to occupy the district until the electoral council ruled in their favour on an appeal by the NOU against the poll result. The NOU has until to-morrow to supply evidence to support its complaint and the commission must give its ruling within two days.

The opposition's main charge is that the commission allowed the names of 400,000 imaginary voters on the electoral roll of 1.8m. in an attempt to manipulate the result in favour of the ruling right-wing National Conciliation Party (NCP)

Reuter.

Guyana denies CIA payments

By Our Own Correspondent

GEORGETOWN, Feb. 28.

THE GUYANESE Government has denied U.S. Press reports that Prime Minister Forbes Burnham received secret payments from the Central Intelligence Agency (CIA). A statement from Mr. Christopher Nascimento, Minister of State in the Prime Minister's office, said: "Reference to Guyana's foreign policy record and more especially Guyana's commitment to non-alignment, since Prime Minister Burnham's Government took office 12 years ago, in fact make the reports ludicrous and incredibly stupid."

WORLD TRADE NEWS

India in talks with Saudi Arabia on steel project

BY K. K. SHARMA

NEW DELHI, Feb. 28.

FOLLOWING the contract for building a 50 MW power station and laying a 180 km. high tension transmission line in Saudi Arabia, India is now being asked to help that country to establish a steel plant.

A Steel Authority of India delegation will leave for Jeddah soon to discuss installation of such a plant by the direct reduction process. If successful the negotiations could lead to yet another turnkey contract in Saudi Arabia.

The decision to send the steel team follows talks last week between the Saudi Minister for Industry and Electricity, Dr. Ghazi El Gossaibi with officials of the steel ministry who indicated that India had developed capabilities for consultancy and implementation of steel projects.

The electricity project was offered by Gossaibi. He said Saudi Arabia had rejected Western and Japanese bids because they were too high. The acceptance of the Saudi offer was completed within an hour of it being made and the Indian Government has chosen the public sector Bharat Heavy Electricals to implement the project, the precise value of which will be known when an Indian team visits Saudi Arabia.

Foreign exchange earnings of at least $60m. are expected even though the gas turbine for the project will be purchased from another country.

During talks on Indo-Saudi industrial co-operation it was urged that the Indian Government bid for global tenders for Saudi Arabia's industrialisation programme. The first will be for a large sewerage plant.

● India and Iran have also signed an agreement for supply of scientific information for Iran's nuclear energy programme and training of Iranians in Indian atomic research establishments.

The agreement was signed at Bombay by Dr. Akbar Etemad, president of Iran Atomic Energy Organisation and Dr. H. N. Sethna, head of India's Atomic Energy Commission.

Mr. Etemad told reporters Iran did not want to rely entirely on Western sources for information on atomic technology and the desire to diversify partly prompted Iran to enter into the agreement with India.

Cuba 'preparing for joint venture deals'

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

Cuba is preparing to sign agreements with British and other Western companies willing to undertake joint ventures with the Havana Government to exploit the island's economic potential.

This decision, one of the most significant to have been taken by the Castro Administration since it took power in 1959, was announced by Sr. Ernesto Meléndez Bachs, a senior foreign trade official, in an interview.

Sr. Meléndez spent last week in London at the head of a Cuban delegation to discussions of the Anglo-Cuban Joint Economic Commission. "We are ready to conceive new forms of economic and technical co-operation," Sr. Meléndez commented.

The Cuban official said that the first sectors of the economy in which foreign investors would be invited to participate were likely to be tourism and mining.

"An established hotel operator would come in with plant and equipment and bring his knowhow. We would put our great natural resources and offer him a guaranteed return based on an agreed minimum occupancy rate for the hotel," Sr. Meléndez said.

"As far as mining goes Cuba will continue developing its own nickel resources with help from its Comecon partners but there are reserves of zinc, lead and copper in the province of Pinar del Rio in the West of Cuba which could be the object of joint ventures."

Sr. Meléndez said that the political stability in Cuba was a positive point for investors which was not available in many other parts of Latin America. Over the past few years Cuba has been making a big effort to develop tourism.

Some 50,000 Canadians now visit the island every year and the Club Méditerranée has an establishment on the coast not far from Havana. The Cuban coastline is, however, still dotted with undeveloped beaches and cays. Sr. Meléndez mentioned Cayo Sabinal, near the north coast port of Nuevitas as a promising location for a joint tourism venture.

Tourism and mining are seen as potentially big earners of foreign currency and are especially attractive at a time when the fall in the world price of sugar, Cuba's main export, has put the island's economy into the doldrums.

On specifically bilateral matters Sr. Meléndez said that he felt it of prime importance for Britain and Cuba to maintain the present levels of trade which amount to some £60m. in both directions. The Cubans are seeking some form of long-term agreement over the sale of sugar in the British market and want to achieve greater acceptance in Britain for Cuban nickel.

Britain in Kuwait contract

By Anthony McDermott

SHIMIZU Construction of Tokyo has signed a letter of intent for, and has started work on, a project worth KD17.5m. (£35.7m.), to build a luxury village at Bidai on the coast south of Kuwait.

The project, called al-Shaya village, after the owner, M. H. al-Shaya Company, is being managed by W. S. Atkins Overseas of Epsom, in co-operation with The Architects Collaborative (TAC) of Boston, Mass.

The American company drew up the design for a village of about 520 pre-cast concrete dwellings and calculated a target price contract with a guaranteed maximum of about KD17.5m.

Under this unusual pricing arrangement, on which final negotiations are continuing, the increase or savings in costs on either side of the finally agreed price are shared by Shimizu and the employer, M. H. al-Shaya Company. A contractor which completes the task stands to make considerable profits.

Shimizu have already started work on the project, and the final contract is to be signed on May 31. The first stage of construction should be completed two years later.

● Kuwait has engaged the Japanese construction Company TOA to undertake construction operations totalling $133m. at the Kuwait naval base. The contract amounted to 40 per cent. of the total costs for the projected base estimated at $332m. TOA will complete building within 26 months, installing and equipping facilities at the base for Kuwait's navy.

Sealand $176m. ship orders

Mitsubishi Heavy Industri[es] said it has received an inqu[iry] from Sealand Service of the U.[S.] on the possibility of building fi[ve] containerships valued at abo[ut] $176m. Mitsubishi declined t[o] disclose further details, but th[e] Japanese economic newspaper Nihon Keizai said the U.S. ship[ping] company was planning to build five containerships each capable of carrying 2,000 con[tainers] of the 35-foot and 40-foot types.

It added that Sealand Service is sounding out on the project among European shipbuilders as well as other Japanese ship builders including Mitsui Engineering and Shipbuilding, Ishikawajima-Harima Heavy Industries and Kawasaki Heavy Industries and is reported to be expecting the first delivery of the containerships by autumn 1978.

Soviet baby foods

FMC has signed a $9.2m. contract with the Soviet Union to supply equipment for a new meat-processing plant for the manufacture of baby foods. The project which will include a pilot plant and food testing laboratory, is scheduled for completion in 1980.

Badger Saudi order

Badger Co. Inc. said it has been awarded a design and engineering contract for part of a proposed chemical complex at Al Jubail in eastern Saudi Arabia. The plant would cost more than $1bn. and will produce primary petro-chemicals from natural gas liquids. The Badger contract, which will help to define the financial viability of the project will provide the basic design for the ethyl benzene and styrene monomer units.

Reuter

Chrome for BSC

THE FIRST supplies of chrome from a new South African processing plant in which the British Steel Corporation has a minority interest are expected to arrive in Britain later this year. The chrome supplies will largely be fed to the new BSC's stainless development in Sheffield launched nearly three years ago at a cost then of £60m. BSC expects the total cost of the development, which will double the production capacity of stainless steel flat products, to be around £130m.

Brussels air study

By David Buchan

BRUSSELS, Feb. 28.

THE BRUSSELS International airport at Zaventem is capable of meeting all of Belgium's needs until the year 2000, but Antwerp's important cargo airport will have to be closed to all but light aircraft by 19[..] because of noise and population pressure.

These are the main conclusions of the American consultants, Dixon Speas Associates, commissioned by the Belgian Government to report on the country's future airport needs. The Minister of Communications presenting the report, called it "remarkably objective" but said it would not pre-empt any Parliamentary decisions.

Dixon Speas base their study on estimates that passenger traffic in Belgium will rise from 4.3m. in 1974 to 17.2m. by the end of the century and that over the same period cargo will increase from 120,000 tonnes to 500,000.

All of which adds up to some 155,000 flights, while Zaventem alone will be able to take 218,0[00] flights by the end of the century. The study assumes, among other things, that no Channel Tunnel will be built in this period.

Rotterdam coal terminal plans

BY MICHAEL VAN OS

AMSTERDAM, Feb. 28.

A NUMBER of Dutch and German companies are negotiating with the Rotterdam Port Authorities about the possibility of establishing a large-capacity coal terminal on the reclaimed Meuse flats ("Maasvlakte"). Investments could total Fls.200m.

The companies involved are understood to be the Shell group and a consortium called Steenkolen Utrecht, which comprises the large Dutch SHV industrial and trading company; and the German companies August-Thyssen Huette and Ruhrkohle.

According to the Dutch press reports, the companies are looking at a site of nearly 100 hectares which is accessible for large and deep-draught ore carriers which would ship in the coal from overseas, for transhipment to the Rotterdam hinterland, principally to the Ruhr area.

Shell is quoted as saying that the company is looking for partners in the project which is still in an exploratory stage. The size of the site and the terminal has not yet been decided. Rotterdam Municipality is in favour of such a project on the Meuse flats and prefers the site in question to be developed by a consortium of companies rather than to one company.

The reports pointed out that as far as Shell was concerned, it had vast coal reserves spread all over the world, notably in Indonesia, Australia and Southern Africa. The company wants to concentrate its coal distribution activities in the Port of Rotterdam, although it also has a financial stake in O.B.A., Amsterdam's largest coal handling company. Steenkolen Utrecht has been active in the coal sector for several years.

The possible establishment of a coal terminal on the Meuse Flats is a blow for Amsterdam which is still hoping to get massive state financial support for creating an outer port near IJmuiden. Its viability, however, would largely be based on the establishment there of a coal terminal. Amsterdam says it needs the outer port to maintain activity in the port of Amsterdam which would otherwise be in danger of being gradually phased down further.

CARACAS METRO

Racing against cost inflation

BY JOSEPH MANN IN CARACAS

FOLLOWING YEARS of high-level indecision and worsening traffic congestion in Venezuela's capital city, the Government has now taken its first serious steps toward construction of the long-awaited Caracas Metro.

Work has already begun on the trunk line, a 20-kilometre stretch of the rapid transit line that will cross the city from west to east and include 22 passenger stations. Master plans for the entire metro network call for 50 kilometres chiefly of underground rapid transit lines to be built in the next decade or more at costs conservatively estimated to be around $1.5bn.

The Caracas Metro is designed to be a modern, fully air-conditioned system using steel wheels on steel rails and a sophisticated signal system. Its closest relative in Latin America will be the Sao Paulo rapid transit network.

The east-west line, passing through the most densely populated sections of this city of approximately 3m. will constitute the backbone of the Caracas Metro and is expected to move 1m. persons per day. Experts say that this lap of the system, called the Pro Patria-Petare Line, is to cost $744m.

Civil engineering contracts covering about two-thirds of the principal metro line, and valued at $280m. have already been awarded, mostly to Italo-Venezuelan construction consortia. But a major portion of construction work for this stretch is still open. Sr. José Gonzáles Lander, director of the Caracas metro office, said that tenders would be sought for this work in the near future.

On March 3, bids are due for an estimated $300m. in rolling stock, computer and train controls, electrification and air conditioning equipment and other hardware. Ten international consortia have qualified for the bidding in March, including groups from the U.K. (GEC Transportation Projects), Canada, France, Belgium, Germany, Japan and the U.S. Members of the consortia, though, expect that only seven companies will actually submit tenders next month.

Rolling stock will form a preponderant chunk of the bidding. The Metro Office—a Government agency—is asking for offers on 140 air-conditioned rapid transit cars, with a two-year option to purchase 102 additional vehicles.

The groups fulfilling Government qualifications for the upcoming bidding are: Societe Generale de Techniques et d'Etudes, GEC, C. Itoh; Societe Franco-Belge de Material de Chemins de Fer, Westinghouse Electric/Westinghouse de Venezuela, Pullman Standard, Urban Transportation Development, Siemens, Canadian Vickers, and Brown Boveri.

The need for a rapid transit system in Caracas has been painfully evident for several years, but successive Governments were unwilling, or unable, to make a real start on the project. It was during the present Government, headed by President Carlos Andres Perez, that the metro finally received a green light, but only after considerable debate among administration leaders.

The capital, located in a narrow valley, has a relatively small population (3m.) compared with Buenos Aires or Mexico City, but it is crammed into an extremely limited area. Studies carried out by the Government indicate that population density here is greater than that of London, Paris and New York City.

Surface transit is slow, uncomfortable and overcrowded. Venezuelans have always shown a weakness for large, American style motor cars and are now buying more than ever as a result of the oil boom.

Metro officials do not expect that all of the city's traffic headaches will be relieved when the Pro Patria-Petare Line is completed in 1983, but they note that the system will provide considerable help. Caracas residents now make around 3.5m. trips per day, a number that will rise to 5m. by the time the main metro section is in operation. But as Sr. Gonzalez Lander pointed out, the metro will service the most congested sectors of the city and will be moving those individuals who are the most difficult to transport—workers travelling from one extreme of the valley of Caracas to the other.

Sr. Gonzalez Lander noted that city transport would naturally suffer during construction of the metro, but added: "traffic is already bad." He noted that supplementary systems of surface transport must be instituted if the city is to cope successfully with its herculean traffic mess.

In order to minimise the traffic disruptions inherent during metro construction, the Government has decided to cut and cover only the areas around each station. Sections between stations will be completed by tunnelling, a process that boosts costs considerably. About 90 per cent. of the principal line will be subterranean, with the remainder running at ground level.

Individuals involved with the subway have awarded high marks to the Metro Office and its head, Sr. Gonzalez Lander, asserting that their work has been extremely satisfactory and light years ahead of the usual languid pace of Government activity.

Acting as consulting engineers to the metro is Parsons, Brinckerhoff, Tudor and Bechtel, a consortium of American transport and engineering concerns.

The metro director said that money for the transit line's infrastructure would be supplied by the Federal Government, while companies submitting bids for equipment contracts must provide offers on export financing. A mission from the Public Works Ministry visited Europe last year to discuss financing terms for metro hardware, and some observers here given France and Japan an edge in this area because of their Governments' particular willingness to guarantee capital goods exports.

Costs for the Caracas underground have risen wildly since plans were first laid a decade ago. Government estimates for the 20 kms. Pro Patria-Petare branch were $293m. in 1963, and now stand at $744m. The entire 50 kms. Metro system would have cost $658m. in 1968, according to official figures, and now will run well above $1.5bn.

One foreign businessman noted that the cost of subway cars alone has jumped from about $250,000 each in 1967 to over $500,000. For the Atlanta subway in the U.S. cars were sold for $600,000 apiece. Observers expect present cost estimates to be exceeded as work progresses, a natural phenomenon in any ambitious public works of this nature. But as long as the Government's petroleum income remains steady, it should have little trouble with financing the Metro system either directly or through foreign credit.

هكذا من الاهل

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Extra £14m. for new factory projects

By Ian Hargreaves, Industrial Staff

THE GOVERNMENT yesterday announced a plan to build advance factories at a cost of £14m. in the north of England as part of its programme to soften the impact of the loss of thousands of shipbuilding jobs.

Mr. Alan Williams, Industry Minister, said the project would create 5,200 jobs and particular attention would be paid to providing terrace factory units suitable for smaller companies.

The announcement of the programme comes less than a week after the establishment of an intervention fund of £65m. to help the shipbuilding industry win orders. The Government has said that without help the merchant shipbuilding industry could have to dismiss two-thirds of its 40,000 workforce by the end of next year.

Although Mr. Williams was particularly anxious to set yesterday's announcement in the context of the shipbuilding rescue, it is only the latest phase in a programme which has already created about 60,000 jobs.

The absence of any direct relationship with assistance for shipbuilding can be seen in the allocation of 320,000 square feet of advanced factories (about a quarter of the total) to Merseyside, where there is only one shipbuilder, Cammell Laird, which has the second strongest order book in the industry.

Criticised

The new phase is the eighth announced by the Government since July, 1974. More than 238 factories have been financed in England during this period.

The Department of Industry has been criticised for its slowness in letting some of the factories. At the end of last year, there were 136 empty factories in England, of which only 27 had been allocated to a prospective tenant.

Many of these unlet premises are in the North East, which will get the biggest share of the factories announced yesterday.

Factories built under the latest stage will become available from autumn, but building will be spread over two years. The main beneficiaries of the programme will be Tyneside, Teesside, and Merseyside.

Triplex £6m. expansion will create more jobs

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

TRIPLEX, a subsidiary of the Pilkington glass group, is to create well over 100 jobs at its Kings Norton plant, Birmingham, in a £6m. expansion plan for manufacturing a new laminated windscreen.

The company aims to increase output of the windscreen—called the Ten Twenty—to about 1m. a year by 1980. This will give the Kings Norton site a total capacity in both laminated and toughened windscreens of about 2m. a year.

To coincide with the expansion, Triplex is mounting a new effort on the Continent, with a series of presentations beginning at the Geneva Motor Show later this month, to be followed by others to the leading motor manufacturers in Germany and France.

At the moment, the company's only significant Continental sales are to Ford's Cologne plant for the Fiesta model.

The first stage of the expansion plan should be completed by winter this year. This will give an annual capacity of about 250,000 units of the Ten Twenty, with the rest of the expansion over the next three years costing another £15m.

Triplex says that about 75 per cent. of its windscreen sales are in toughened glass, but it expects this ratio to change dramatically during the next three years, with about 65 per cent. of all new cars produced in 1980 using laminated windscreens. Well over half of these sales could be Ten Twenty glass.

The new windscreen is claimed to give better protection than standard laminated glass because the glass on the interior of the car breaks down into blunt particles with no sharp edges on impact.

The windscreen, 20 per cent. more expensive than standard laminated glass, is already being used successfully in the Rover 3500. Triplex expects all major British car manufacturers to place contracts within the next three years.

Probe into tinplate industry future starts this week

BY ROY HODSON

AN INVESTIGATION to bring about rationalisation in the £500m.-a-year tinplate and can-making industry with consequent improvements starts this week by the National Economic Development Office.

A streamlining of the industry is generally thought to be long overdue. There are well over 2,000 different specifications for British tinplate.

The 40 can makers have become accustomed to supplies being virtually tailormade to their requirements.

The British Steel Corporation, which makes more than 1m. tonnes of tinplate a year and is Britain's only producer, has found it difficult to keep up with the wider-ranging demands of its customers as demand for tinplate has continued to grow even through the steel recession.

British Steel will be at the centre of discussions with the iron and steel sector working party of the National Economic Development Office. Metal Box, which takes more than 60 per cent. of British Steel's output, will lead for the can makers.

Other leading companies in the industry are Reeds, Heinz, Crown Cork, Nacanco, and Francis. Packaging machinery makers, and food manufacturers and other can users, will also be consulted.

National Economic Development believes that the tinplate industry will benefit and will be able to pass on savings to the consumer if its working standards are simplified.

A National Economic Development Office report by Sir Frederick Warner on standards and specifications in the engineering industry to be published this week is expected to support the tinplate initiative.

Metal Box has a number of proposals for rationalisation in the tinplate industry. "The aim will be to get more out of the tinplate used for less money spent," the company said.

Smaller stocks

Most of the can makers see sense in reducing the number of tinplate specifications for sizes and thicknesses. But they argue that as British Steel's production would be made easier savings should be passed on to tinplate customers in the form of lower prices.

The can makers would also expect to enjoy savings by carrying smaller stocks of tinplate.

One proposal will be that British Steel should offer larger discounts to companies which are prepared to place orders of 1,000 tonnes or more at a time.

Another way of saving money in the industry would be to reduce slightly the thickness of tin. One estimate is that £3m. worth of tin a year could be saved by re-writing the specifications for tinplate.

Cunard sells 7 ships for £17m.

By Kevin Done, Industrial Staff

CUNARD STEAM-SHIP, the Trafalgar House subsidiary, has completed the sale of seven ships in deals totalling about £17m.

The sales, to Arab, Canadian, Greek and Norwegian interests, are part of its programme of reducing its foreign debts after the acquisition late last year of 10 refrigerated cargo vessels from the ailing Maritime Fruit Carriers.

Mr. Victor Matthews, chairman of Cunard, said yesterday that all the vessels were "surplus to requirement." Their sale had produced a substantial profit over the book values, running into "millions of pounds."

All the ships were from sectors Cunard regards as having little development promise. Three 25,000-dwt product carriers, Lumeo, Lustrous and Luminous, have been sold to the Vardinoyannis Group.

The offshore supply boats Bay Shore and Polar Shore have gone to Dome Petroleum of Canada.

Port Auckland, a conventional reefer, has been bought by Gulf Fisheries WLL of Kuwait, and the Cunard Adventurer, a passenger ship, sold to Klosters Rederi of Oslo.

Mr. Matthews said that Cunard did not see a very attractive market in the future for product-carriers.

Central banks may act on gold

BY MICHAEL BLANDEN

CENTRAL BANKS will become more active in the gold market, if only to protect the value of their own security, says the latest review of the bullion market published by Samuel Montagu.

The bank says that in the current year, the market for gold should be stable provided that the demand for use in jewellery is maintained at the same level as last year.

The review appears just ahead of the latest gold auction by the International Monetary Fund, due to-morrow, and at a time when the gold price has been rising. Yesterday it closed at $143¼ an ounce, its highest since mid-November 1975.

Montagu says that during last year, the market withstood the vicissitudes remarkably well, in spite of the impact of the IMF sales.

But looking ahead to the official "dethroning" of gold as a reserve asset with the ratification of changes to the IMF articles, the review says that this could take place some time in the last quarter of this year.

Too small

From that date, central banks would be free to buy gold at any price, and with the abolition of the official price they were likely increasingly to value the metal at its market price.

There was no doubt that the present market was much too small to absorb purchases and sales of the magnitude that central banks might need to mobilise their gold assets.

"We believe that central banks will have to provide some stability in the market in their own interest."

Though various attempts in the past had been defeated by domestic and political considerations, "one must hope that ratification (of the IMF articles) will bring central bankers to reach some 'modus vivendi' to avoid the wild gyrations we have seen in the gold price in 1976."

During the last year, a collapse of the price was prevented by the growth in industrial and jewellery demand for the metal.

In the Middle East, particularly in rich OPEC countries, local affluence and inflation had created a sudden upsurge in demand for jewellery.

It was to be hoped that the very large sales of gold absorbed by industrial and jewellery demand "were not used to build up inventories."

Plan to meet maths teacher shortage

By Michael Dixon, Education Correspondent

PLANS TO help meet the shortage of mathematics teachers by running one-year retraining courses for staff who have specialised in other subjects were announced yesterday by the Department of Education and Science.

The department has asked ten polytechnics and colleges for urgent reports on the possibility of starting the courses.

They would be for people with at least a GCE Advanced-level pass in maths, but it is thought that they would attract a sufficient demand from qualified teachers, including some of the 10,000 still without jobs after leaving training colleges last summer.

National Institute to hold economic policy conference

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

A MAJOR conference on economic policy, including the presentation of differing views by four leading groups of economists, has been organised for the end of this year by the National Institute of Economic and Social Research.

The conference, the first of a series, will be modelled on the activities of the Brookings Panel in the U.S. and its Economic Activity Papers.

The theme of the first conference will be demand management. The four groups, which cover a wide range of economic views, will each present papers on what policies should have been adopted in certain specific circumstances.

The groups are the London Business School, the Cambridge Economic Policy Group headed by Mr. Wynne Godley, the National Institute and Professor David Laidler of the University of Western Ontario in Canada, a noted exponent of monetarist views.

These participants have agreed to answer a question about what politics should have been adopted in the U.K. between November, 1964, and November, 1967, between July, 19[illegible] and July 1973 and at present.

For the past periods the groups have been asked to indicate the extent to which their policies would have altered the course of the economy, with supporting evidence.

The aim is to establish more precisely the reasons [illegible] such differences of view [illegible] will emerge about the policies which should have been adopted, and about the consequences.

These initial papers will be prepared by the end of July and they will then be sent to other economists who will comment on them. The conference will be held in London on December 19 and 20 and the convenor/editor will be Mr. Michael Posner of Cambridge University, formerly deputy chief economic adviser to the Treasury who has joined the National Institute as a part-time consultant for the conference.

The Nuffield Foundation has given the National Institute a pump-priming grant for the conferences. A second conference will be held on de-industrialisation.

Atlantic air talks open in London

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE latest series of discussions on a new Anglo-U.S. air agreement began in London yesterday in what was described as a "good atmosphere."

The treaty is due to become effective on June 23. These talks are expected to last at least two weeks.

They will not be the last, since much ground must be covered before a new treaty, including such controversial issues as "single designation" (one airline only from each country permitted to fly a specific route) fares, and over-capacity (too many seats offered on the North Atlantic route).

While yesterday's meeting began in an amicable mood, neither side doubts that the talks will be much tougher than previous sessions.

The new leader on the U.S. side Mr. Alan Boyd, a former chairman of the Civil Aeronautics Board and Secretary for Transportation, is renowned as a tough negotiator, while Mr. Patrick Shovelton, leading for the U.K., who is Senior Deputy Secretary, Transport Department, has much experience in negotiating foreign treaties and trade arrangements.

They began with discussions on North Atlantic over-capacity.

Britain hopes that in the two weeks the U.S. will respond with proposals of its own on this issue, the U.K. having made it clear that it wants an agreed reduction in number of seats available.

So far the U.S. has only expressed, unofficially, total dissatisfaction with U.K. proposals to cut the number of airlines on the route.

Recent reports have made it clear that the U.S. Government and air transport industry will not accept withdrawal of either Pan American or Trans World Airlines from the London-New York route.

Nor does the U.S. accept an equal division of capacity offered on the route. It is argued that the U.S. market generates most of the traffic, so in straight commercial terms it is reasonable that U.S. airlines provide as much capacity as they think the market can bear.

Rates to rise

LIVERPOOL Council's finance and policy committee recommended yesterday an increase of 20p in the domestic rate to 72½p, with a 12-month freeze on rents.

Bullock progress reviewed to-day

By John Elliott, Management Editor

THE POSSIBILITY of legislation on industrial democracy being designed to embrace shop floor participation as well as worker directors will be examined at a meeting to-day between leading representatives of the Confederation of British Industry and Mr. Edmund Dell, Trade Secretary.

Mr. Dell, accompanied by Mr. Eric Varley, Industry Secretary, and Mr. Albert Booth, Employment Secretary, will review progress made at informal talks between the Government and the CBI in the past two weeks.

At an earlier meeting between the Prime Minister and the Confederation, it was agreed that consultations with the employers should start with an examination of the CBI's policy of participation agreements rather than trade union based worker directors.

Problems

The informal talks during the past fortnight have involved civil servants in examing details of the CBI's ideas.

These have included the problems of making participation agreements legally enforceable in a basically voluntary labour relations system, and the likelihood of their leading to companies and unions agreeing on the introduction of worker directors.

Now the CBI wants to discover what chance there is of its ideas being included in legislation when the Government is publicly committed to introducing laws aimed at giving trade unionists the right to have worker directors where they want them, not just where they are negotiated with management.

Truck operator shelves jobs project

By Peter Cartwright

A PROJECT to build 1,000 trucks a year that would have provided 500 jobs at Sandwell, West Bromwich, has been shelved by Richardson Bros., transport operators and truck distributors, of Oldbury.

The company wanted 100,000 square feet of factory space but has so far failed to get an Industrial Development Certificate.

The Department of Industry said last night that information had been lacking, but a decision would be made soon.

Key shipbuilding position filled

BY JOHN WYLES, SHIPPING CORRESPONDENT

THE DEPARTMENT of Industry's key shipbuilding policy division acquired a new under-secretary yesterday in succession to Mr. Michael Casey, who left last month to run the new Government holding company, National Shipbuilders and Repairers.

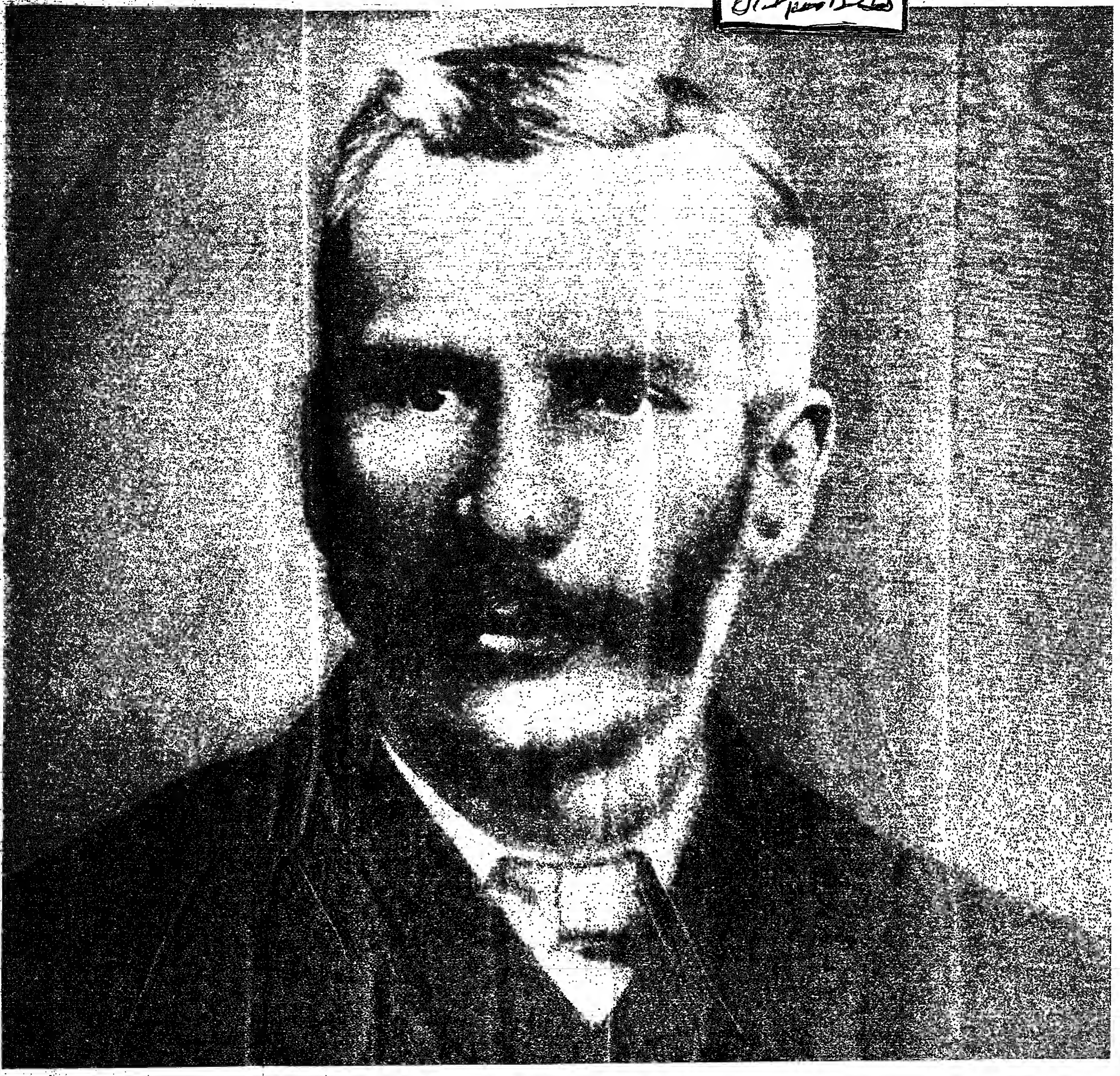
Mr. Kit Farrow, aged 39, joins the division from the Cabinet Office, where he has been on secondment from the Department for more than a year. A career civil servant with a degree in economics, he will take charge at a crucial time for shipbuilding policy.

The Government is expected to decide shortly whether to seek a speedy passage of its aircraft and shipbuilding nationalisation Bill by dropping ship repairing from its provisions.

It is under increasing pressure from the unions and its own backbenchers to take this step but before making a final decision, Ministers will want firm assurances from Conservative peers that they will then drop their obstruction tactics.

Mr. Farrow is also bound to be involved in administering the £65m. intervention fund announced by the Government last week. This is designed to stave off massive redundancies in British merchant shipyards by helping to bridge the price gap of up to 40 per cent. between the U.K. and Japanese and South Korean yards.

The new under-secretary does not have any detailed experience of the shipbuilding industry. At the Cabinet Office he was involved in broad economic and industrial policy and before that worked on problems involved with the Rolls-Royce collapse and then the preparation and piloting of the Department's Industry Bill of 1975.



His family business was the family business.

It's 100 years since Jesse Boot put up his name over his mother's herbal shop in Nottingham. And in doing so founded not only his own family business but a group whose business is all about families, yours included. Almost everything that Boots does is capable of affecting you and your family. And it is done according to two important principles first laid down by Jesse Boot. The principles of always giving value. And always giving service.

Jesse Boot believed wholeheartedly in providing the best possible article at the lowest possible price–to the point that if he couldn't find an article of the right quality, he would endeavour to manufacture it himself to his own high standards.

So almost from the beginning, he gave his customers this extra choice, of familiar advertised products or Boots' own brands. The choice Boots offers you today.

A Boots store of today would be incomplete without the influence of Florence Rowe, a stationer's daughter who married Jesse Boot in 1886. It was she who encouraged him to introduce new goods into the traditional chemist's range–fashion and beauty, books and stationery, gifts for the home and many more of the things we take for granted in a modern Boots Department Store.

So much for history. What of Boots today?

There are over 65,000 of us in Britain working in laboratories and factories, offices and warehouses, as well as in shops. We believe Jesse, if he were alive, would be proud of us and our achievements. We no longer just make goods to sell across the counter. We also make research-based pharmaceuticals and agricultural products for plant and animal protection. And these are now sold right throughout the world.

In the 1970s, the pace of our development has been faster than at any time in this century. You will have seen the difference–in the increasing size of our shops (25% more space in the last four years). In the wider range we sell, and the bigger choice you enjoy. In the more spacious and attractive conditions in which you can do your Boots shopping. Which is perhaps why three quarters of our shoppers visit us every week.

100 years have passed since the foundations of the business were laid by Jesse Boot. 100 years in which we've managed to refine and improve his original principles. 100 years in which to develop our present-day reputation for fairness, honesty, quality and value. 100 years of getting to know our customers, of becoming their friends.

A good time to say "Thank you" to you all. And to start looking forward to the next 100 years.

100 YEARS OF VALUE
Boots
100 YEARS OF SERVICE

100 Years of Shopping at Boots.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● SERVICES

Bureau takes over machines and work

USERS AND would-be users of computing equipment could cut their costs by between 20 and 30 per cent. by taking advantage of what Computel calls the shared data centre concept, which it is now prepared to implement.

It has grown out of the company's experience with its host site operations, so named because over a period of time, Computel has been moving into company computer installations where resources were underloaded and using the remainder of the available capacity by sending its own staff to the host site to run the bureau's own programs.

One result of this experience is the knowledge that there are significant advantages both to the bureau and the end-user.

These stem from the sharing of overheads and improved machine utilisation.

Computel is taking the idea a stage further and is building a large new machine room at Bracknell able to cope with four big machines. The accommodation will be offered on a contract basis to companies who have a substantial data processing requirement and it will come complete with telecommunications and support resources.

It must interest companies who are prepared to relocate an existing machine, say from an expensive city-centre site, or who want to install new or additional equipment for which they do not have space, or for which in-house demand is not high enough.

An immediate result of a transfer to Bracknell, or a decision to install new equipment there, must by a substantial saving on equipment and maintenance, while the staff requirements for the machine's owner are minimal.

Similarly, there are no recruitment or training worries nor is there a need for a standby.

Surplus capacity marketing is no problem while the user has immediate access to well established communications procedures.

Further information on this service, which is a logical extension of the facilities management idea, from Computel at Eastern Road, Pondars End, Enfield, 26767.

● TEXTILES

Spun yarn protected

IN PRODUCING spun yarns from staple fibres the latest development is that of open-end spinning. This is so-called because it is discontinuous, unlike classical ring spinning, and individual fibres are inserted into the revolving end of the yarn as it is being formed.

There has been quite rapid acceptance of open-end spinning round the world and the number of machine builders continues to grow, particularly in the area known as rotor spinning.

One aspect common to the new process, irrespective of formation system, is that individual fibres have to be withdrawn from a sliver and then carried pneumatically in a stream of air to the formation point. For this a series of nip rollers take a sliver and finally present it to an opening roller which is toothed and which revolves at high speed snatching the fibres as they reach it and then throwing them into the stream of air.

Most opening rollers are covered with metallic card clothing which is made from a strip of steel which has teeth raised from it, but one problem with a tooth of this kind is that it more closely resembles a tiny blade than a pin. This has the effect of accelerating wear on the one hand and, on the other, it can shorten the fibres and this is very much to be avoided if yarn quality is to be maintained.

Now, a completely new approach to the problem of making opening rollers has been developed. A pressure-moulded alloy body is being produced for the rollers and into this is inserted a drawn steel pin. The new pinned roller is being developed by Wm. R. Stewart and Sons (Hacklemakers), Marine Parade, Dundee DD1 3JD. Tel. 0382 21555.

The pins closely resemble the old type acoustic gramophone needles that are still being supplied by the Scottish company. The crystal grain structure of wire is affected by the manufacturing process when teeth are raised from it and it is for this reason that, increasingly, rollers are being used based on the drawn steel pins. These have grain orientation along their axes.

Not only does this new pin cause less shortening of fibres and so a higher quality of yarn is spun, but it also offers a very much extended wear life for only marginally extra cost. It has been found that a pinned roller will have at least four times the life of one covered with wire, and in certain instances it could well be as high as six or even eightfold. This is extremely important with those synthetic fibres that have been dulled with titanium dioxide and so are highly abrasive.

● EXHIBITIONS

Novel aids at Eurochem

SOME 30,000 square metres of stand space has already been booked at the international chemical engineering exhibition, Eurochem, to be held at the National Exhibition Centre, Birmingham, from 20 to 24 June.

The organisers expect about 600 companies, 30 per cent. of them from overseas, to have become involved by the time space has been fully booked.

There will be some unusual technical aids for those attending. For example, visitors will be invited to stop and specify their interests on computer terminals. A remote memory bank at Epsom will then be searched and after about five seconds the visitor should get a personal stand calling list in English, French or German, showing the best route order.

Also to be provided is a data bank of product information on microfilm. Main benefit will be that the visitor will be able to make detailed product comparisons on the spot.

In the months leading up to the show it is also intended to mail to each visitor a personalised embossed "Time-saver" card so that the minimum of time is spent logging inquiries for data at each stand. He will simply present his card—rather like a banker's credit card—and his address and details will be automatically transferred on to exhibitors' inquiry forms. Further details from the organisers, Clapp and Poliak Europe, 232 Acton Lane, London W4 5DL (01-995 4806).

● HANDLING

Pallet and platform trucks

A RANGE of U.K.-designed and built rider and pedestrian controlled Yale pallet and platform trucks has been launched by Eaton, Waddensbrook Lane, Wednesfield, West Midlands (0902 66955), a subsidiary of the Eaton Corporation, U.S.

The hydraulic system on all models is claimed to be unique, with the cylinder incorporating an oil reservoir, eliminating the need for a separate tank. This also reduces the number of hoses and connections, lessening maintenance and leakage.

There are eight trucks in pallet/platform and rider/pedestrian configurations in capacities of 4,400 and 6,600 lb. The rider models are designed for constant operation over long hauls in warehouses. Emphasis has been placed on driver comfort and convenience and simplicity of operation. A fail-safe braking system is automatically applied when the operator leaves the truck.

The pedestrian models are for use in confined area or short hauls. Travel and lift controls are incorporated in the steering arm. The operator is protected by a touch-sensitive pad on the end of the control arm—this reverses the truck if touched.

In addition, the control arm automatically cuts off power in either the vertical or horizontal position, and there is a guard between the operator and the load.

Both rider and pedestrian models provide a 6-inch lift.

● CONFERENCES

Managers and micros

MANAGEMENT MUST react to the fact that data processing is now being carried out in the most diverse places—from the factory floor to the typist's office. Micro Focus, a systems and software house specialising exclusively in microprocessor applications, says this is vital and has devised a one-day management course entitled "How Microprocessors Affect You—A Basis for Rational Decision" intended to bring all levels of management up to date with the possibilities of computer "chips with everything."

The course is aimed at both line manager and data processing managers. The next generation of computer systems may have the maximum of data processing at the point of data entry, and it is essential that all who have to make decisions concerning the development of in-house systems over the next few years should be aware of microprocessor facilities.

It is made clear in the course that development of microprocessor-based systems will entail changes in terms of personnel, timescale and costs.

Ground rules for equipment election—a particularly difficult task—are also established.

Micro Focus, 18, Vernon Yard, Portobello Road, London, W11 2DX. 01-727 5814.

● By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.

● PACKAGING

Automatic wrap-around casing

A RANGE of Swiss machines, built by IVF Maschinenfabrik Schaffhausen, provide automatic casing of bottles, cartons, cans, tubs, and almost any type of container used for dairy, food, spirits, pharmaceutical, cosmetic and confectionery products.

The machines collate, in layers if required, unit packs or containers, and then wrap and seal case around them at speeds up to 30 cases/minute. The machines are compact, and use a descending movement through a forming well to erect the cases.

Case blanks, stocked horizontally, are taken from a magazine by vacuum and moved by powered rollers into position to accept collations. After forming, final closure of the top flap is made as the pack moves along the outfeed conveyor. A divider inserter can be fitted.

Machine operation can be mechanical, or controlled by an electro-pneumatic system.

Marketing in the U.K. is by the Lerner Machine Co., Wharf Road, Ponder's End, Enfield, Middx., EN3 4TD (01-804 8381).

● MACHINE TOOLS

Gauges big components

A HIGH precision three-axis co-ordinate measuring machine, the Cordimet 700 is being made available in the U.K. by Swedish manufacturer C. E. Johansson.

Measuring capacity in X, Y and Z axes respectively is 700 x 450 x 300 mm, and the overall accuracy is ±0.01 mm, with a repeatability of ±0.002 mm.

Black granite is used for the principal surfaces and slides and the work table, equipped with swivelling and levelling adjustments is of granite with a number of threaded inserts to facilitate clamping of components. It is mounted on a cast iron frame which also supports a vertical granite plate which provides the slide for the measuring carriage and column in the X axis.

A further granite slide is used for traverse of the measuring carriage in the Y axis, a cantilever arrangement. In this assembly a mechanical/pneumatic compensation system bends the granite bar in a controlled way, keeping the slide parallel to the work table at all positions of the measuring head. More from 66, High Street, Houghton Regis, Dunstable, Beds, LU5 5BJ (0582 68181).

Serves tool designers

VICKERS has a completely new range of high speed grinding machines suitable for engineering applications.

The new machines, marketed as the Vickers-C. N. F. Fearnley range, were primarily developed for the high speed grinding of punches and dies in press tooling although, fitted with special attachments, the units can be used for many other applications in production and maintenance engineering.

Major advantages claimed include operation by unskilled personnel, and time savings of over 50 per cent. in the carbide sharpening of dies and punches for unit tooling.

The new grinders incorporate a work platform fitted with one or two operating stations and a standard ½ inch diameter cup grinding wheel fitted to a swivel head. Components to be ground are held in position on the work stations by a variety of attachments including a three jaw chuck, magnetic chuck or powered rotary table. The grinding head is swivelled by the operator to give a precise 90° cut.

More from Vickers, Crayford Works, Dartford, Kent DA1 4AX.

● DATA PROCESSING

BMW aid for dealers

BMW Concessionaires has placed a £450,000 order with CAL for some 75 British-designed and manufactured M-One electronic stock control machines.

Deliveries have already started and the machines are being used by selected U.K. dealers initially on a parts stock control application designed specially for the motor trade by BMW. Sales ledger and customer follow-up applications, together with full management accounts, will be added by the year end.

The basis for BMW's novel network will be the creation of parts files on disc for all dealers' M-One's by the main company computer at Dover through an IBM 2780 interface with a Dover-based M-One. This immediately avoids the laborious task of file creation for each dealer's M-One.

Such disc files can then be constantly up-dated for each dealer in a disc replacement procedure operated through BMW's regular despatch links from Dover. This procedure will also apply, of course, to new parts, price changes and similar stock data, and to new applications for the machines.

The low-cost microprocessor-based M-One was introduced to the market by CAL last June, and apart from BMW, has won orders worth £476,000 by the end of the year.

It can accept and use a firm's own existing stock code titles and methods and consists of visual display with input and control keyboard, 8k central processor and dual density floppy disc drive. Printers to suit individual needs, and extra VDUs, can be added.

CAL is at 64 High Street, Egham, Surrey. Egham 4455.

Fast fiche filming

ABLE TO produce a 98-frame microfiche in less than 12 minutes, the new 3M step-and-repeat 1050 camera films and processes fiche in horizontal rows of vertically orientated pages (24X and 48X reduction) by automatically positioning the unexposed film in precise co-ordinate positions.

To achieve this speed of production the equipment uses Dry-Silver technology, which eliminates liquid chemicals and plumbing.

Single or double frame exposure modes can be selected, and mixed on a fiche if required. A vacuum copyboard ensures uniform registration of all documents—document area for the double frame is 300 x 470 mm, and for the single 235 x 300 mm.

Titling is simple. A film title strip is prepared from typewritten copy, put in a holder, and inserted in the camera, where it is exposed in the fiche title area.

Illuminated buttons guide the operator through fiche filming, and a moving light on a grid panel indicates the filming position of the current frame.

After exposure, the machine heat-processes each film in about 30 seconds. A 15 metre roll of 105 mm Dry-Silver film, in a disposable canister, can be loaded in the camera in ambient light. The roll will provide 100 fiche.

More from 3M United Kingdom, Wigmore Street, London W1A 1ET (01-486 5522).

Memory for most 370s

UNIVERSAL MEMORY by Itel can be used with any one of the IBM 135, 135-3, 138, 145, 145-3 and 148 range of processors and can be upgraded or downgraded on site from any one of these models to another in a matter of hours.

The memory has a capacity from 128K to 4 Megabytes regardless of the processor model to which it is attached. Its packaging is designed to reduce space while adding power. The memory occupies one-third less space than any other competitive product.

Advantage to the user is that he can increase memory capacity independent of the final processor decision.

Orders for the memory are currently being accepted for delivery in the second quarter of this year. Prices range from £500 per month.

Itel International, 1, Grosvener Place, London, SW1X 7HQ. 01-741 1482.

Knowledge spread fast

TECHNOLOGY transfer to the U.K. will be greatly aided under a Control Data Corporation move to set up a world-wide technology exchange service for individuals and organisations in Britain.

Technotec is the name of the service, which consists of a centralised data base that stores offers of and requests for information. Communications for the service are handled by Control Data's world-wide computer time-sharing networks that link users' terminals to the data base.

At a news conference in London, William C. Norris, chairman and chief executive officer of CDC, said Technotec was intended to encourage the exchange of technology in order to solve urgent problems related to energy, food, water, unemployment and other social ills.

Subscribers to Technotec may record on the data base descriptions of ideas, existing processes, patents and know-how or expertise they are willing to market. Other subscribers, with particular needs, may place requests to be matched with appropriate offers.

Technotec is maintaining three identical data bases containing technological descriptions. One is located in Control Data's European time-sharing centre in Brussels, the second in a similar centre in Rockville, Maryland, near Washington, D.C., and the third in Australia.

Three types of information will be stored. Included are offers of technology that an individual or organisation is willing to market; descriptions of unsolved problems and opportunities for joint ventures to locate or develop technology; and organisations or individuals with expertise in such areas as finance, consulting, marketing and training, who may be required to assist in the transfer of technology.

Since it was first announced in North America in September 1975, more than 250 organisations have contributed approximately 10,000 technology descriptions to the data base.

Growth is coming from a joint programme between Control Data and Inspec, the information services division of the British Institution of Electrical Engineers. This will place some 10,000 innovations a year on a special Technotec data base called TINA (Technology Innovation Alert). This data base will contain descriptions of outstanding technological developments from among the 150,000 abstracts of articles that are published in the world's scientific literature each year and include a number of items from NRDC.

More from Control Data at 22, St. James's Square, London, S.W.1. 01-930 7344.

هكذا من الأصل

Nuclear-powered ships could be built in U.K. yards

BY JOHN WYLES, SHIPPING CORRESPONDENT

SLIGHTLY AGGRIEVED confirmation that Britain's shipbuilding has the technical competence to build nuclear powered supertankers of the type which Mr. Ravi Tikkoo has undertaken to have built in the U.S. came yesterday from the Vickers Shipbuilding group of Barrow-in-Furness.

While Mr Tikkoo's letter of intent to place orders for these ships, worth about $1bn., has aroused a mixture of interest and scepticism, Vickers knew nothing of his plans until he made his announcement a month ago.

Builder of 11 nuclear powered submarines since 1958, Vickers has a long experience of the marine application of nuclear technology.

The company saw the possibilities for merchant ships 20 years ago and set up a design team which produced in 1957 a proposal for a 100,000 deadweight ton tanker. This would have been powered by a marine version of the reactor proposed for the Calder Hall nuclear powered generating station by the U.K. Energy Authority.

At the same time Vickers formed a special company with Rolls-Royce and Foster Wheeler which produced a design for a marine heavy water moderated steam cooled reactor which subsequently failed to secure Government approval for a development grant in 1962.

In parallel, it pursued a number of studies with the Atomic Energy Authority, one of which envisaged nuclear powered liners for Cunard. According to the company these studies were the basis "of many combined proposals for nuclear propelled tankers, and, at a later stage, container ships."

But lack of Government endorsement and "insufficient support from other U.K. parties" prevented any of the schemes from materialising.

Vickers Shipbuilding claims that it has not lost its interest in applying nuclear power to merchant shipping. Mr. Bill Richardson, the company's chairman, said yesterday it would very much have liked to have been involved in the project envisaged by Mr. Tikkoo's Globtik Tankers.

At the moment this is in the hands of America's Newport News Shipbuilding which between now and the end of the year will be negotiating on a firm contract to build the three nuclear powered 600,000 dwt. tankers.

Harland and Wolff is the only U.K. shipyard physically capable of building tankers of this size but this, coupled with Vickers technical know-how, gives Britain the capability to build such vessels, said Mr. Richardson.

If Mr. Tikkoo's plans are realised, the three giant tankers would be delivered between 1985 and 1987 and would be used to transport crude oil from the Middle East to the U.S. The shipowner claims that, with nuclear power, running costs would be 20 per cent. lower and service speeds 25 per cent. faster than with conventional ships.

Technological lag blamed on outmoded recruitment

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

OUTMODED RECRUITMENT practices by the elite professions, especially the civil service, are blamed by a research report today as a basic cause of Britain's failure to produce enough technologically educated people to meet industrial needs.

The report, based on a study of higher education in nine European countries, is written by Dr. Guy Neave, a senior research fellow at the European Cultural Foundation in Paris.

Dr. Neave suggests that reform of school programmes—on the lines of the Government's present proposals—can be at best only a partial remedy, unless there are changes in the entry requirements of the professions which offer jobs with social power and high security, salaries and status.

Unlikely

The present civil service examination "resembles that curious university television quiz show which allows — purely by coincidence — historians and classicists to shine, but scientists, save the odd question here and there to suggest impartiality, to appear as uncouth boors."

But if it were decreed now that, five years hence, the civil service exams would be open only to candidates with a high standard in at least one numerate subject, it was highly unlikely that students and education institutions would delay in adjusting themselves accordingly.

Dr. Neave also blames the view taken by British higher educational institutions (with the notable exception of the Open University) that their job is to take school-leavers who have already specialised in a particular line of study, and give them a higher training in some similar specialism.

A more appropriate role would be to take youngsters with various kinds of previous qualifications and "transform" them with due regard to national manpower needs.

As well as serving the economy, this could also be used to improve educational opportunity.

"In Europe, as in Britain, the Government service's own concept of what makes the educated generalist, exerts a powerful influence on the whole nation's curricular patterns in education.

"Only in Britain does that concept — and those patterns — ignore so utterly and so consistently the values of science and technology."

Patterns of Equality, by Guy Neave. NFER Publishing, Thames Avenue, Windsor, Berks; £4.60.

Overseas applications to universities down

A LATE slowing-down of overseas applications for entry to British university courses next autumn was reported yesterday by the Universities Central Council on Admissions, writes Michael Dixon.

Up to mid-December the council had seemed to be receiving applications from overseas at a markedly increased rate, in spite of the sharply higher tuition fees which foreigners will face, and which are the target of the National Union of Students' day of protest tomorrow.

By the middle of last month, however, the rate had declined below expectations.

Perhaps because high unemployment has stimulated British youngsters to apply early, the rate of increase in home demand has also now fallen below previous expectations. But it is still 8 per cent. up on last year.

The mid-February figures show a considerable increase of interest among youngsters in several degree subjects more than usually associated with industry and commerce.

Mechanical engineering, business management, and accountancy have attracted 16 per cent. more applications this year.

Civil, electrical, and general engineering, and mathematics (including computing), chemistry and law are among the subjects showing an increase of more than 5 per cent.

Medicine—a growth subject for several years—seems to have declined sharply in popularity this year, although subjects associated with medicine have attracted one of the greatest increases in applications.

Road haulage costs up 15%

ROAD HAULAGE costs rose by 15.1 per cent. last year, exactly in line with general inflation, according to the Road Haulage Association. The increase in 1975 was 14.9 per cent. The most inflationary pressure in haulage last year was fuel, which went up by 26.2 per cent.

Liberals pledge support for party talks

FINANCIAL TIMES REPORTER

MR. DAVID STEEL, the Liberal Leader, yesterday pledged that his party would join "in a constructive and helpful way" in the all-party talks promised by Mr. Michael Foot, leader of the Commons, on devolution.

In last Tuesday's guillotine debate, 11 of the 13 Liberal MPs voted against the Government's move, which fell by 29 votes.

Mr. Steel said in Edinburgh that the guillotine would have enabled the Government to have proceeded with all sections, undebated and without amendments.

"It would in my view be quite wrong if Parliament was to construct an assembly in Edinburgh whose main task in the first two or three years of its existence would be to continue constitutional wrangling.

"We will certainly join in the discussions with the Government in what I described in the House as a constructive and helpful way."

The Bill was not dead, and it was still possible for it to be promoted through the House.

"Whether one is pro-devolution or anti-devolution, there is a consensus of agreement that there are bits of this Bill that are nonsense. The all-party discussions could iron out some of these."

Scotland needs separate Budget—SNP

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE SCOTTISH National Party yesterday laid the groundwork for voting against the Government when the Finance Bill comes before the Commons, by tabling budget demands that the Chancellor will find impossible to accept.

After last week's Government defeat on the devolution guillotine motion, the party has said it will take any opportunity to bring the Government down. But it will need the support of all other opposition parties which may not be easy to achieve.

Mr. Douglas Crawford, Nationalist spokesman on finance, yesterday wrote to Mr. Denis Healey outlining demands for the Budget on March 29. There can be no doubt that the Chancellor will reject them because they include direct access for Scotland to royalties on North Sea oil and a halt to all further cuts in public expenditure in Scotland.

Mr. Crawford said that there was a need for a separate budget for Scotland since the economies of Scotland and England were diverging in a way they had not done before.

"There must be no further cuts in public expenditure in Scotland. We have been squeezed far too much and I would add in this context that it is no use the Conservatives complaining about cuts in education and social services when, by their voting in the House of Commons, they voted specifically for these cuts."

Access to oil royalties, running at an annual rate of about £200m. was needed to compensate for the Government's deflationary policies.

It was also necessary that the restrictions on the lending of Scottish clearing banks should be relaxed and that interest rates should be reduced.

Mr. Crawford also called for the end to the levy on the self-employed, an increase in VAT threshold from £5,000 to £15,000, a reduction in the duty on whisky to the level of October 1974 and a change in regulations so that duty only becomes payable when whisky is sold and not when it is taken out of bond.

"From answers I have received from the Chancellor in Parliament I estimate that these savings will cost the Exchequer £186m., but when the £78m. he is saving from the abolition in Scotland of regional employment premium is taken into account, the net cost is £108m.

"This is a puny amount when set against the annual income of £400m. from whisky and with the present estimated oil wealth at £1,600m."

An emergency Government works programme was needed in Scotland to cure the country's "dangerous" level of unemployment, Mr. James Sillars, MP for South Ayrshire and leader of the breakaway Scottish Labour Party, said yesterday.

"If present levels of unemployment are allowed to continue it will take decades rather than years to get down to even 100,000 unemployment," he said in Glasgow.

Plaid Cymru to protest over devolution delay

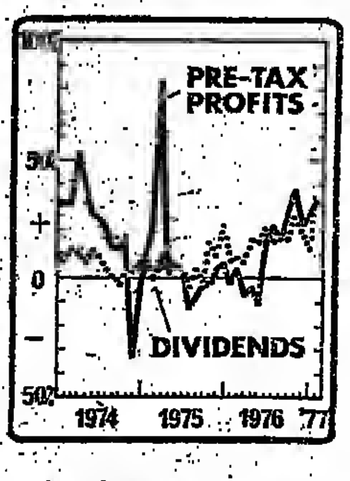
PLAID CYMRU, the Welsh Nationalist Party, will protest next week over last week's Government defeat which halted the devolution Bill.

About 200,000 leaflets condemning the vote against the guillotine motion are to be distributed throughout Wales, and "Betrayal" posters will also appear.

Mr. Dafydd Williams, general secretary, said yesterday that Parliament was effectively refusing to allow the proposed referendum on the Welsh Assembly, so denying Wales the right to decide on devolution.

The week of protests starts on Saturday with a rally outside the Wesh Office in Cardiff followed by a procession through the city centre.

Company dividends and profit up 34%



RISES OF about 34 per cent. were shown in dividend costs and pre-tax profits by the 59 industrial companies which issued full reports and accounts last month.

Pre-tax profits totalled £692m. compared with the previous year's £517m., a rise of 33.8 per cent.

BAT Industries profits were up by just over 35 per cent., and other companies with good increases included English China Clays (47 per cent.), and BOC International (55 per cent.).

The jump in dividend costs amounted to 34.2 per cent., from £59.5m. to £79.8m.

Most companies stayed within the 10 per cent. allowed increase in distributions, the average being pushed up by those companies which had raised capital by rights issues and by those paying dividends where none were paid in the previous year.

U.S. expected to approve Jetsave flight plans

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

JETSAVE, the U.K.-based tour organiser, expects early approval by the White House of its plans to run low-fare tourist flights from the U.S. to the U.K.

The U.S. Civil Aeronautics Board has rejected an attempt by Laker Airways to overturn an earlier decision in favour of Jetsave's cheap flights plan.

The decision recommended the granting to Jetsave of "an indirect air carrier licence" that would enable Jetsave to run cheap flights from the U.S. to the U.K.

Assurance

The plan has been opposed by Laker because it could compete with Laker's own prospective low-fare Skytrain operation between the U.S. and the U.K. Laker has not yet been given U.S. approval for Skytrain.

Mr. Reg Pycroft, chairman and managing director of Jetsave, said the company had been assured that President Jimmy Carter would issue the permit to Jetsave without further delay.

"Jetsave will then immediately commence planning the operation of low-cost flights from the U.S. to Britain, and start bringing dollar-spending passengers to this country."

Jetsave carries some 160,000 passengers a year across the North Atlantic on Advanced Booking Charter flights, using chartered aircraft. It intends now to buy its own aircraft.

Pension scheme funding questioned by actuary

BY ERIC SHORT

THE PRESENT method of funding occupational pension schemes was severely criticised by Mr. J. R. Trowbridge, an Australian actuary, in an address to the Institute of Actuaries in London last night.

The system of pension schemes building up substantial assets to cover the expected actuarial liabilities was not performing as actuaries had expected because present investment returns did not keep pace with price and salary increases, he said.

Mr. Trowbridge questioned whether actuaries could continue to hold the optimistic view that such investment problems were only temporary and that very soon the situation would be back to normal, with positive investment yields over inflation.

For pension schemes to provide adequate benefits, there had to be either a structural change in investment institutions so that a positive real return could be assured or the abandonment of funding altogether.

Funded schemes had disappeared from France, superseded by a comprehensive system of assessment schemes whereby the benefits were paid from current income of companies.

U.K. actuaries should study the French system very carefully and consider the consequences of staying with the fully funded concept and the alternative of some form of pay-as-you-go.

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APPOINTMENTS

Commencing with the issue of 8th March **Banking and Insurance Appointments** advertisements will appear on Tuesdays and the heading will be expanded to include **Legal Appointments**

For further details contact:
James Jarratt
on
01-248 8000 Ext. 539

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Classified Advertisement Manager,
Financial Times, 10, Cannon Street, EC4P 4BY.

LEGAL NOTICES

No. 00475 of 1977

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of ANTHONY LLOYD LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding up of the above-named Company by the High Court of Justice was on the 8th day of February 1977 presented to the said Court by WEST KENT BUILDERS MERCHANTS (SIDCUP) LIMITED whose registered Office is situate at 53-55 Maidstone Road, Footscray, Kent, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 14th day of March 1977, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

WARNERS,
190, High Street,
Tonbridge,
Kent.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any), and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 11th day of March 1977.

No. 00570 of 1977

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of MARBY LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 16th day of February 1977, presented to the said Court by LUNETTES PILLET S.A. whose registered office is situate at 10 rue Docteur Levrat, 10, 01-Nantua, France, a company incorporated according to the laws of France, Spectacle Manufacturers, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 21st day of March 1977, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose, and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

CAMPBELL HOOPER &
AUSTIN WRIGHT,
15 Jermyn Street,
London SW1Y 6LT.
Ref: AT.
Tel: 01-734 7451.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any), and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 18th day of March 1977.

No. 00591 of 1977

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of ELLIOTT & FOSTER LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the Winding-Up of the above-named Company by the High Court of Justice was, on the 21st day of February 1977 presented to the said Court by the COMMISSIONERS OF CUSTOMS AND EXCISE of *King's Beam House*, 39-41, Mark Lane, London EC3R 7HE, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 28th day of March 1977, and any creditor or contributory of the said company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

G. KRIKORIAN,
King's Beam House,
39-41, Mark Lane,
London EC3R 7HE.
Solicitor to the Petitioners.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any), and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 25th day of March 1977.

No. 00657 of 1977

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of A. J. PADGETH & CO. LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 24th day of February 1977, presented to the said Court by SHELL U.K. LIMITED whose registered office is at Shell-Mex House, Strand, London, W.C.2, Petroleum Distributors, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 28th day of March 1977, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

BEACHCROFT HYMAN ISAACS,
1, Chancery Lane,
London WC2A 1LU.
Ref: CAT.
Tel: 01-242 1011 ext. 228.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any), and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 25th day of March 1977.

TRAVEL

CONTRACTS AND TENDERS

GOVERNMENT OF ABU DHABI

Al Ain Sewerage Project Committee,
P.O. Box No. 1003
Al Ain. (Abu Dhabi.) U. A. E.

TENDER INVITATION
FOR THE AL AIN MAIN DRAINAGE
CONTRACT NO. M-3

1. The Al Ain Sewerage Projects Committee, Emirate of Abu Dhabi, invites Tenders from *contractors* for the Al Ain Main Drainage Project comprising:
   (i) the supply and laying of approximately 35 kms of 150 mm to 600 mm diameter vitrified clay pipes;
   (ii) the construction of two pumping stations;
   (iii) the construction of a sewage treatment works (extended aeration, secondary and percolation lagoons); and
   (iv) all associated pertinent works.
2. Contractors tendering for this Project should be competent and experienced in work of a similar nature and magnitude. Contractors will be required to submit details of similar projects valued in excess of DH. 35 million which they are undertaking or have recently completed.
3. Prospective tenderers should apply for the tender documents by letter or telex to the Al Ain Sewerage Projects Committee, P.O. Box No. 1003, Al Ain (Abu Dhabi), U.A.E. Foreign companies should indicate the name and address of their Abu Dhabi partner or agent who is authorised to purchase these documents on behalf of the tenderer.
4. Tender documents can be collected after 21st February, 1977 during the normal working hours from the Secretary to the Local Tenders Committee at the Department of Municipalities and Agriculture, Al Ain against a non-refundable cash payment of DH. 7000/— (Dirhams Seven Thousand only).

   No Tender Document shall be sent by post. Last purchase date for documents will be the 29th March, 1977.
5. The Tender shall be valid for a period of 90 (ninety) days from the last date fixed for receiving Tenders and should be accompanied by a Bank Guarantee not less than 5% of the value of the offer valid for the whole validity period. Cheques are unacceptable even if they are certified by a bank. Should the tenderer withdraw his tender the bank guarantee shall be forfeited to Al Ain Sewerage Projects Committee.
6. Tenders should be submitted in sealed envelopes addressed to:

   The Chairman
   Al Ain Sewerage Projects Committee
   P.O. Box No. 1003
   AL AIN (ABU DHABI)
   UNITED ARAB EMIRATES.

   Tenders should arrive not later than 10.00 am on 18th April, 1977.
7. The Sewerage Projects Committee is not bound to accept the lowest or any of the tenders.

HAMAD SULTAN AL DARMAKI.
THE CHAIRMAN
AL AIN SEWERAGE PROJECTS COMMITTEE

Republic of Malawi
Blantyre Water Board
Tender Notice — Phase IV Extensions
Tender for Civil Engineering and Building Construction

Tenders are invited for the construction of extensions to and modifications of the Board's existing installations.

This project is financed from U.K. and Commonwealth/Malawi Grant/Loan Funds.

For the purpose of construction, the project has been divided into five contracts:—

Contract No. 1A – Walker's Ferry Treatment Installations
consisting of modifications to the raw water intake tower, a new access bridge to the intake tower, a new 24 in. diameter raw water main, and extensions to the water treatment plant.

Contract No. 1B – Main Pumping Stations
consisting of two stations of similar layout constructed of reinforced concrete foundations with reinforced concrete portal frames and in-fill brick panels.

Contract No. 1C – South Lunzu Reservoir
which is a reinforced concrete structure of 0.6 million gallon capacity with associated pipework.

Contract No. 1D – Mudi Installations
consisting of modifications to the existing intake tower, a new raw water pumping station, a new 27 in. diameter raw water pumping main, modifications of and extensions to the water treatment plant, a new 0.5 million gallon capacity reinforced concrete reservoir and a new clear water pumping station.

Contract No. 1E – Pipelines
consisting of modifications to the existing Walker's Ferry Pipeline, a new feeder main in diameters of 10 in., 12 in., and 14 in. and a new trunk main of 24 in. diameter together with the associated chambers, thrust blocks, etc.

Prospective contractors may submit tenders for any one or any combination of these contracts.

Tender Documents will be available from the Board's Consulting Engineers upon payment of Fifty Malawi Kwacha (or the equivalent in foreign currency) for each contract for which Tender Documents are required.

Firms interested in tendering for these contracts should apply immediately to the Consulting Engineers for the Tender Documents, at the same time submitting the payment referred to above and forwarding details of the scope and values of work of a comparable nature that they have carried out. Tenders will be considered only from firms experienced in this class of work.

The payment referred to above will be returned only upon receipt of a bona-fide Tender by the due date, or the return of all Tender Documents before the tender date.

The date for submission of Tenders is Thursday, 2nd June, 1977.

The address of the Consulting Engineers is:—
Sir Alexander Gibb & Partners (Africa), Delamere House, Victoria Avenue, P.O. Box 1196, BLANTYRE, Malawi

and

Sir Alexander Gibb & Partners (Africa), Shell House, Harambee Avenue, P.O. Box 30070, NAIROBI, Kenya.

COMPANY NOTICES

CRANE FRUEHAUF LIMITED

7% DEBENTURE STOCK 1988/91

NOTICE IS HEREBY GIVEN that the Transfer Books of the above Stock will be closed from the 14th to 18th March, 1977, both dates inclusive.

By Order of the Board.
BEGBIE, PICKERING & COMPANY,
Registrars.
23 Bedford Row,
London WC1R 4EB.

$40,000,000 VIZCAYA INTERNATIONAL N.V. GUARANTEED FLOATING RATE NOTES DUE 1978

NOTICE IS HEREBY GIVEN that the rate of interest for the period 1st March, 1977, to 31st August, 1977, has been fixed at 8 per cent. per annum.
1st March, 1977.

HOTELS

GOURMET

OFFICIAL NOTICES

OFFICIAL NOTICE—PROPOSAL TO CHANGE A SHIP'S NAME

We EGGAR, FORRESTER (HOLDINGS) LIMITED of Rosewell House, Middlesex Street, London, E.1, hereby give notice that, in consequence of Charterers' preference for the name "SEALIGHT", We have applied to the Department of Trade, under Section 47 of the Merchant Shipping Act 1894, in respect of my/our ship "WIS" of London, Official Number 339317 of gross tonnage 199.29 tons, of registered tonnage 148.39 tons, for permission to change her name to "SEALIGHT" to be registered in the said new name at the Port of London as owned by us.

Any objections to the proposed change of name must be sent to the Registrar General of Shipping and Seamen, Llantrisant Road, Cardiff, CF5 2YS within seven days from the appearance of this advertisement.

Dated at London this 25th day of February, 1977.

(Signed) S. J. McCANN.
Authorised Officer.

PLANT AND MACHINERY

Entertainment Guide

HOME NEWS

GEC defends its £178m. issue to shareholders

BY MARGARET REID

GEC HAS hit back at union criticism that its plan to distribute £178m. of capital notes to shareholders, almost doubling their income, conflicts with the spirit of the counter-inflation policy.

The big electrical group claims in its magazine Topic that the proposal is the prelude to an international drive and that this goal is a major factor behind the capital re-organisation."

Defending the scheme, which will earmark £178m. of £400m. cash holdings to pay interest on the notes, GEC, which has felt the full force of dividend curbs, says that the plan is to compensate shareholders for some dilution of their equity as a result of its overseas expansion plans.

The group's reply came as criticism of the plan from unions in GEC's own organisation was reinforced by an expression of concern about it from the TUC in its economic review.

GEC says in Topic that it knew it would have to grow more by selling more overseas, but that some overseas markets were closed to it unless it put some of its goods together in the country being supplied.

"In such cases, it was not a question of whether or not to export from the U.K.; either GEC makes some items locally (with as many components as possible from its U.K. factories) or else it can forget all about orders in that area—exports included."

Solution

Left to its own devices, GEC would use some of its substantial cash balances in the U.K. to finance the cost of expanding its overseas bases. This would involve paying the investment currency premiums which would be uneconomic.

The solution, therefore, was to raise the large sums needed in international currencies put up by international subscribers who would make more risk-bearing investment in GEC operations.

"But why should existing shareholders give up part of their interest in the company? GEC's shareholders took the risk with their money when the company was smaller.

"And what with the company's long-standing voluntary dividend restraint, compounded by the Government's restrictions, they haven't had much to show for their investment.

"The only practical and reasonable way to compensate them is to return, over a period of years, part of the money which existing shareholders own in the business and which cannot be used to set up the international operation—and to pay them interest on this part of their money as long as GEC continues to hold it."

The notes are repayable between 1979 and 1986.

Fresh attack on 'detrimental' current cost accounting

BY MICHAEL LAFFERTY

YET ANOTHER attack on the subjective and complex nature of the Morpeth current cost accounting proposals came yesterday, this time from the Sheffield-based tool-making company Record Ridgway.

The company says that it has spent considerable time and effort endeavouring to comply as closely as possible in the available time with the Morpeth proposals.

The cost amounted to an extra [illegible]0 man-hours by top executives and a delay in the publication of the annual report.

"The Morpeth exposure draft (ED 18) is too ambitious, too academic, and too subjective. It needs bringing down to earth," declared Mr. Theodore Dengel, Record Ridgway's finance director.

Not only does Record Ridgway find the draft standard to be excessively complicated and theoretical, but it says it also introduces "an undesirable amount of subjectivity and conjecture.

"This will not enhance in any way the quality of decision-making or the effective management of the company.

"It is likely to increase costs for no real benefit.

"More seriously, it will tie up and divert scarce accounting resources in carrying out unnecessarily detailed studies, particularly regarding the complex rules on plant valuation and depreciation.

"This can only be to the detriment of the use of management accounting skills to maintain and improve the profitability of the business."

Among the examples of opportunities to manipulate profits in the Morpeth document Record Ridgway lists the proposed treatment fo contract work-in-progress and speculative buying.

Ridgway does "specials"—particular products for individual companies—and it claims that the Morpeth system would allow it to treat stocks of "specials" as contract stocks, with the result that its current cost profit would be increased.

The company is also critical of the proposed appropriation account in which a company is supposed to gather all its gains for the year, and then makes an appropriation to reserves before deciding what is available for dividends. This encourages "arbitrary apportionment" and it is important that "more realistic and sensible guidelines are evolved as quickly as possible," it says.

Record Ridgway has not followed all the Morpeth provisions in detail and it has used indices to revalue plant.

"The specialist management resources are at present employed in the more pressing need to finalise and implement the group's investment programme to ensure maintenance and growth," Mr. Mark Alexander, the chief executive said.

EEC loan for British reservoir projects

THE NATIONAL Water Council has negotiated a loan of £8.3m. from the European Investment Bank, the long-term finance institution of the EEC.

The money, which is for improved water supplies in the North West of England, brings to £38.8m. the total finance the bank has made available for water schemes in the U.K.

The loan will be put towards financing a series of works estimated to cost about £90m., and towards which the EIB made a loan of £9m. in March last year. They include an additional Shap aqueduct, 14 miles long, from the Haweswater reservoir in the Lake District to a treatment plant on the existing Haweswater aqueduct.

Two additional aqueducts are planned to link the rivers Lune and Wyre, one of eight miles, and the other 17 miles long between an abstraction point on and Wyre, one of eight miles at Hoghton.

Additional projects include a treatment plant, additional boreholes to tap groundwater resources and modifications to an existing reservoir.

The combined effect is calculated to release an extra 44m. gallons of water a day in the region which takes in Cheshire, Merseyside, Greater Manchester, Lancashire and Cumbria.

Bid for overseas sales

MORE THAN 700 British companies will try to boost exports at 21 trade fairs throughout the world this month with the help of the British Overseas Trade Board.

The biggest venture this year will be in Caracas, Venezuela, from March 15 to 24, when 200 companies will be displaying goods at the British Industrial Exhibition.

At the Cairo International Fair from March 17 to 31, there will be 34 British concerns showing products such as milling and earthmoving machinery to bathroom fittings and gardening tools.

The Board's biggest venture in Europe will be at the Paris International Exhibition of women's ready-to-wear clothing from March 26 to 30.

SNOW REPORTS

	Depth (cms.) L	Depth (cms.) U	State of Piste	Weather	°C
[illegible]mbery	15	80	Good	Fine	1
[illegible]er south-facing slopes icy					
[illegible]rmayour	170	815	Good	Fine	4
[illegible]erb piste skiing					
[illegible]ns-Montana	100	250	Good	Fine	−1
[illegible]d snow, all slopes					
[illegible]e	120	285	Good	Fine	−10
[illegible]der on north-facing slopes					
[illegible]bühel	30	185	Good	Fine	−2
[illegible]ellent skiing conditions					
[illegible] Plagne	210	310	Good	Cloud	−5
[illegible]ellent piste skiing					
[illegible] Menuires	90	380	Good	Fine	−9
[illegible]ellent piste skiing					
[illegible]eld	45	130	Good	Fine	1
[illegible] snow on all pistes					
[illegible]'Isère	160	310	Good	Fine	−8
[illegible] skiing conditions					
[illegible]her	50	300	Good	Fine	−0
[illegible]fect skiing conditions					
[illegible]	70	90	Good	Fair	−3
[illegible]d snow on hard base					
Wengen	30	140	Good	Fine	—[illegible]
Excellent skiing conditions					

Above reports supplied by representatives of Ski Club of Great Britain.

SCOTLAND

Cairngorms: All runs complete, new snow on firm base. Vertical runs 1,60[illegible] feet. Access roads clear. Snow level 1,500 feet.

Glenshee: All runs complete, hard-packed snow. Vertical runs 1,000 feet. Access roads clear. Snow level 1,300 feet.

Glencoe: All runs complete, hard-packed snow on firm base. Vertical runs 1,800 feet. Access roads clear. Snow level 1,200 feet.

Forecast: Glencoe: Sleet or snow turning to rain. Cairngorms and Glenshee: Mainly dry and bright.

Peace group 'carnage' line doubts

By Our Belfast Correspondent

A CLAIM by leaders of the Ulster Peace Movement that Belfast faces a devastating bombing campaign this summer has been met with scepticism by the security forces and by a degree of unease in some sections of the movement itself.

Mr. Cairan McKeown, a peace leader, said at a meeting in the Republic on Sunday that terrorists had enough explosives hidden in Belfast to level the entire city. There were prospects of the worst violence seen in Belfast.

Mrs. Betty Williams, a co-founder of the movement, said that she had been told by "people who knew" that the summer would see "total carnage."

The two leaders dismissed suggestions that they were trying to recruit new members by presenting a stark alternative to peace, a conclusion by some peace workers in Belfast who were arranging a meeting yesterday to discuss the claims.

One group in the Protestant Shankill Road district accused the leaders of scaremongering and called on them to give full information about "the explosives" to the police.

Mrs. Williams and Mr. McKeown strongly defended their decision to issue the warning and denied detailed knowledge of where explosives were stored.

Army and police said it had never been the policy of Ulster terrorist groups to store large quantities of explosives because of risk of discovery.

Kosset race

KOSSETT CARPETS is to sponsor a motor race for the first time. The event is the World Championship of Manufacturers six-hour race at Silverstone on Sunday, May 15.

LABOUR NEWS

Council workers strike over cuts

By Our Labour Staff

LOCAL GOVERNMENT workers in several counties are taking industrial action to-day in protest at cuts in manpower and services in their area because of reduction of financial support by the Government for local authorities.

Leaders of eight public-sector trade unions met in London last night to put the finishing touches to their plans for a conference on the cuts at Central Hall, Westminster, on March 22.

To-day's strikes will be in West Norfolk, Essex, and Berkshire. About 350 council staff in West Norfolk are striking over proposals to make redundant 28 of the council's 57 architects because of t tucebin... — tects because of the cut in capital expenditure.

The National and Local Government Officers' Association has given official backing. The strikers say the architect's department is already 13 below establishment.

Schools hit

Workers from several public service unions strike in Essex in protest against 2,200 jobs being cut, 1,200 likely to be redundancies. The one-day strike shut hundreds of schools. The cuts plan follows a reduction of £15m. in the rate support grant for Essex from the Government this year.

In Berkshire, workers will lobby the council meeting which is to determine where the cuts will fall. Berkshire lost £5m. rate support grant this year.

Mr. Jack Bradburn, chairman of NALGO's Local Government Committee, told a special meeting of union members in Warwickshire last night that jobs of highly skilled people were in danger because of the cuts, "wasting scare technical and professional skills."

Dispute hits new Bristol dock before it opens

BY DAVID CHURCHILL, LABOUR STAFF

BRISTOL dockers yesterday refused to unload the first ship to arrive at the city's new £37m. dock complex, due to be opened next month, because of a long-running dispute over fringe benefits.

The dockers' action meant that the Edith Sabban, a German coaster, was unable to unload a new £1.3m. gantry crane essential to the operation of the dock's new sophisticated cargo handling machinery.

The boycott of the new dock by the port's 1,300 dockers had been threatened for some time in an attempt to put pressure on management to agree to a new pay settlement. The dockers want a general improvement in fringe benefits, which they claim are within the terms of the pay policy, to compensate for what they consider is below average pay in the docks.

Mr. Wally Jenkins, chairman of Bristol's docks committee, said last night that the dockers boycott was costing "a few thousand pounds a day" while the gantry crane could not be unloaded. "I hope commonsense will prevail as soon as possible," he added.

The new Bristol dock was one of the reasons for Toyota, the Japanese car company, choosing last year to build its sole imports centre there. When Mr. Eric Varley, Industry Secretary, refused to grant the necessary industrial development certificate, Toyota and Bristol council got round the ban by reducing the size of the development by 10 square feet.

Meanwhile, a meeting of 6,800 Mersey dockers is due to be held next week-end to decide whether to take part in a one-day national dock strike in support of colleagues at Preston who face redundancy under a port closure plan.

A meeting of national port shop stewards is also due to be held in Preston on Saturday.

Miners want £110 a week

BY OUR LABOUR STAFF

YORKSHIRE MINERS yesterday decided to press a wage claim of £110 a week for coalface workers in a resolution which will go before the National Union of Mineworkers annual conference at Whitley Bay in July.

The resolution, approved by the union's Yorkshire area council in Barnsley, goes on to call for £90 for other underground men and £80 for surface workers. Unless there is a satisfactory offer Yorkshire will press for a ballot "with a view to taking various forms of industrial action."

In another resolution the Yorkshire miners are asking their union to negotiate a concessionary smokeless fuel agreement providing six tons for serving mineworkers and four tons for retired men and widows, or cash in lieu.

Bring family doctor entirely within NHS, says union

BY OUR LABOUR STAFF

RADICAL PROPOSALS to bring the family doctor entirely within the scope of the National Health Service, as part of a comprehensive community health service, have been put forward by the National Union of Public Employees in its evidence to the Royal Commission on the NHS.

NUPE, which has almost half its 584,000 members working in the NHS, mainly as manual and ancillary workers, feels that general practitioners should be part of a health team working from purpose-built health centres, ranging from family planning to specialist care for the aged.

The union argues that bringing family doctors within the direct control of the NHS is a vital factor in achieving patient satisfaction and cost effectiveness in the NHS.

But to achieve this it points out that the responsibility for personal social services would have to be transferred from local councils to the health authorities.

"The aim must be to provide, in one integrated unit, a team equipped in every way to deliver at community level the facilities which will characterise the primary care provision of a comprehensive NHS."

But it would be impossible to achieve this unless all staff operating from health centres—including general practitioners—were directly employed by the NHS in the same way as are hospital staff.

The proposals are almost certain to be opposed by the doctors' professional organisations who would feel their status was being eroded.

In its 40-page evidence, NUPE also re-affirms its support for abolition of NHS charges and private medicine, and the total financing of the NHS from general taxation.

It also wants the Government to "establish a broad base of public ownership in the pharmaceutical industry.

"The NHS has consistently lacked sufficient finance to enable it to meet its intended objectives or to react to growing and changing needs.

"But during the same period, the pharmaceutical industry has increased its size, concentrated its ownership, extended its control and expanded its profits."

Chemical industries 'in danger of disputes'

By Our Labour Staff

PRESENT INVESTMENT policies and the transfer of capital abroad were in danger of turning industrial relations in the chemical industries into a "quagmire of disputes and confrontation," Mr. David Warburton, national industrial officer of the General and Municipal Workers Union, said yesterday.

Mr. Warburton, speaking at the opening of the union's chemicals section conference in Birmingham, said he had doubts about the future of the chemicals industry although it was often regarded as having the best industrial relations record in Britain.

This was not a threat but an objective assessment of what would happen unless the industry faced up to its social as well as its economic responsibilities.

He attacked companies which had tried to implement "indiscriminate redundancy plans" and said the union would continue to seek firm commitments from employers on manpower policies.

While the union favours a more flexible approach to industrial democracy than the one proposed in the Bullock Report, Mr. Warburton criticised chemical employers, including the Chemical Industries Association, for leading the "more hysterical attacks" on Bullock.

"What they have manifestly failed to do is to say what steps they would take, particularly as they claim to support industrial democracy," he said.

There was a need for a radical overhaul of decision making in the industry and neither Bullock's worker directors nor the "sham excuses" of employers would provide the answer.

Help urged for young jobless

THE GOVERNMENT was yesterday urged to give more serious consideration to the dangers of high unemployment among teenagers.

The threat facing youngsters to-day was long-term, and no less serious than it had been in the 1930s, said Mr. Tom Driver, general secretary of the National Association of Teachers in Further and Higher Education, in London.

PARLIAMENT

Cause for concern

BY PHILIP RAWSTORNE

The condition of British Leyland gave cause for concern in the Commons yesterday. Mr. Gerald Kaufman's bulletin—prompted by a solicitous inquiry from Mr. Nicholas Ridley—warned sombrely that the corporation was in danger of "bleeding to death" from self-inflicted wounds.

Its production rate, he reported, had been flickering only weakly, two-thirds below par. The news roused little evident sympathy on the Tory benches but some demands for a more rigorous regime to spur recovery.

Mr. Ridley suggested that the last treatment the Government should administer now was a further financial transfusion. Was there a limit to the length Ministers would go to ensure British Leyland's survival? he demanded. And would they stick to it?

Mr. Norman Lamont, from the Tory front bench, while recognising the complications, urged the Government to disabuse the patient of any idea that it could be saved from its apparently determined attempt to destroy itself.

And Mr. Richard Wainwright, for *the Liberals, called harshly for more* self-discipline.

Mr. Kaufman maintained that the Government's treatment would continue to follow the Wilson prescription—cash doses to be given as industrial relations and production improved.

But British Leyland's recovery in *the end would depend on its own* ability to generate sufficient financial strength of its own, he said.

Failure to patch up its wounds was a greater threat than any summary execution by the Government.

Briskly dispersing the Tory predators, Mr. Kaufman turned with a blander bedside manner to the Labour backbenches, though he had no more comfort to offer in reply to their demand for extra care.

British Leyland had the means to save itself, he insisted. And Left winger, Mr. Tom Litterick, condemning any idea of "mobilising the power of the State" against British Leyland was firmly reminded that it was that power, in the form of taxpayers' money, that had so far rescued 170,000 *jobs*.

There should be some response to that kind of costly therapy, Mr. Kaufman suggested.

MP seeks to protect heritage

MR. PATRICK CORMACK (C., Staffs S.W.) plans to introduce a Bill under which preservation orders could be enforced to prevent new buildings obscuring Britain's architectural heritage.

Mr. Cormack said yesterday: "It is to prevent the perpetration of any future St. Paul's situation where one of the finest buildings in Christendom has been hemmed in and the view of it from most aspects totally obscured by the most insensitive and soulless buildings that could be imagined.

"The trouble with much modern development is that it is totally out of scale with what has gone before and I want to try to ensure that in future much more rigorous standards are applied by planning committees."

Mr. Cormack will introduce the Skyline Protection Bill under the ten-minute rule procedure on March 16.

Opposition aid total

OPPOSITION PARTIES have received £22,456 in official aid, Mr. Michael Foot, Leader of the House said in a Commons written reply yesterday.

He told Mr. Dennis Canavan (Lab., West Stirlingshire) that the total was the latest figure for aid paid under the agreement of March, 1975.

New managers in Indonesia

JAKARTA, Feb. 21.

SOME 15,000 foreign companies operating in Indonesia should be transferred to Indonesian management by the end of this year, the Trade Minister, Mr. Radius Prawiro said to-day.

Mr. Prawiro said his newly-announced deadline should not cause concern among the foreign firms, most of whom are Chinese, as they had been given enough time to prepare for it. Companies affected by the order include Dunlop, Siemens, Singer, Hoechst and Bata Shoe.

Reuter

British Leyland survival is main question now, Kaufman warns

BY IVOR OWEN, PARLIAMENTARY STAFF

WHILE RULING out "heavy handed punishment" by the Government as a means of ending the unofficial strike by the toolmakers at British Leyland, Mr. Gerald Kaufman, Minister of State for Industry, bluntly warned the entire workforce that the problem they could soon be facing was not that of differentials but the dole.

He again appealed to the strikers to return to work and use the machinery of their union, the AUEW, to resolve their grievances and so avert the danger of British Leyland bleeding to death.

Last week, British Leyland had only been able to produce one-third of its scheduled programme, Mr. Kaufman told MPs in underlining the gravity of the situation.

But he replied with an emphatic "Yes" when asked by Mr. Anthony Grant (C., Harrow Cent.) for an assurance that British Leyland's directors were not breaching their statutory obligations by trading while insolvent.

In an unsuccessful attempt to secure an emergency debate, Mr. Hal Miller (C. Bromsgrove and Redditch) spoke of the risk that production at Leyland would cease altogether with a total of 140,000 workers idle instead of the 33,000 now without work.

He maintained that the toolmakers had not had the position put to them by their union, and claimed that the British Leyland convenors' campaign was seeking to use the justified anxiety of the men under the auspices of the Communist Liaison Committee to bring down the pay policy and the Government.

The speaker Mr. George Thomas ruled against interrupting the scheduled business of the House to permit an emergency debate.

Mr. Kaufman gave his warning about the dole after Mr. Norman Lamont (C., Kingston-upon-Thames) had stated from the Opposition front bench: "If the workers are implacably determined to destroy British Leyland no Government can save them from their folly."

The Minister replied that it was very important indeed that all those involved should realise—important though the difference of differentials was—that the main question now was the survival of British Leyland.

When British Leyland was rescued by Government intervention in April, 1975, said Mr. Kaufman, the issue "was not differentials but the dole—and that could be the issue again unless the bleeding in British Leyland is stopped and stopped quickly."

The exchanges opened with Mr. Nicolas Ridley (C., Cirencester and Tewkesbury) asking if the Government would continue to finance British Leyland in view of the current strikes.

Mr. Kaufman answered: "Last August, the House approved the provision of £30m. loan finances as the department's contribution to the £100m. loan authorised by the Government. A decision about the provision of further finance beyond that will depend upon a thorough assessment of performance, on the basis of the criteria which have been *announced*."

Recalling that an improvement in industrial relations had been made a condition for the granting of further finance to British Leyland and claiming that this had clearly not happened Mr. Ridley asked if the Government had established a breaking point beyond which it was not prepared to go.

Mr. Kaufman said the conditions governing the provision of further finance were laid down by Sir Harold Wilson, while Prime Minister, in April, 1975. Improved productivity and better industrial relations were matters to which he had attached great importance and this remained the position.

A breaking point was more likely to come through the failure of internally generated finance within British Leyland, he stressed. At least half the money had to come from internally generated funds and this was not coming forward because of failures in production. The future investment contained within the 10-year Ryder plan must be in doubt.

It seemed that Mr. Ridley was calling for some summary execution but the threat to British Leyland was that it was in danger of bleeding to death.

Mr. Eric Heffer (Lab. Walton) contended that there was a need for real negotiation and discussion with the workforce at British Leyland. In the longer term, a national negotiating machinery was needed to deal with the special problems of the company. This was the manner in which the matter should be discussed and not by threats of closure, favoured by many Conservative MPs.

This led Mr. Kaufman to stress that there was established machinery within the AUEW for discussing the problems outlined by Mr. Heffer. The right course of action would be for the men to return to work.

Mr. Lamont said the Opposition regarded the unofficial strike by the toolroom workers as extremely serious. The social contract had inevitably exacerbated the old problem of differentials, and the Government should at least go some way to restoring the position in the next pay round.

When Mr. Richard Wainwright (L., Colne Valley) urged that the Government should not consider further finance for British Leyland until some discipline had been restored, Mr. Kaufman pointed out that no negotiations were required about the further tranche until later this year. The Government wanted "orderliness" but discipline was not something to be imposed on workers as if they were children.

The AUEW was the most appropriate body to apply discipline to its members in the industry, he added.

Mr. Tom Litterick (Lab., Selly Oak) also asserted that the existing negotiating machinery was inadequate. The Government, he said, should make it clear that on no account would it mobilise the power of the state against British Leyland workers—the basic tactic used by the Nazis to destroy the German trade union movement.

There was more support for the toolroom workers from Mr. Jeff Rooker (Lab. Perry Barr) who described their shop stewards as the "most moderate and sensible." He maintained that the internal negotiating machinery had broken down and failed them, and in many respects their own trade union had failed them.

Mr. Hal Miller ... tried to obtain debate.

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on February 28 1977. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the U.K. and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territory; (k) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; (n.c.) non-commercial rate; (n.a.) not available; (A) approximate rate; no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (ex/C) exchange certificate rate; (P) based on U.S. dollar parities and going sterling dollar rate; (Bk) bankers' rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

Place and Local Unit	Value of £ Sterling
Afars & Issas ... Djibouti Franc	280 (sg)
Afghanistan ... Afghani	80 A
Albania ... Lek	(O) 10.18 A (n.c.)
Algeria ... Dinar	7.08
Andorra ... French Franc	8.55¾
Andorra ... Spanish peseta	118.30
Angola ... Kwanza	n.a.†
Antigua (S) ... E. Caribbean	4.62712
Argentina ... Ar. Peso Free Rate	552.64
Australia (S) ... Australian $	1.5684
Austria ... Schilling	28.18
Azores ... Portug. Escudo	n.a.†
Bahamas (S) ... Ba. Dollar	[illegible]
Bangladesh (S) ... Taka	[illegible]
Bahrain (S) ... Dinar	[illegible]
Balearic Is. ... Span. Peseta	[illegible]
Barbados (S) ... Barbados $	[illegible]
Belgium ... B. Franc	[illegible]
Belize ... B. $	[illegible]
Benin ... C.F.A. Franc	[illegible]
Bermuda (S) ... Bda. $	[illegible]
Bhutan ... Indian Rupee	[illegible]
Bolivia ... Bolivian Peso	[illegible]
Botswana (S) ... Pula	[illegible]
Brazil ... Cruzeiro	[illegible]
Br. Virgin Isles ... U.S. $	[illegible]
Brunei (S) ... Brunei $	[illegible]
Bulgaria ... Lev	[illegible]
Burma ... Kyat	11.50
Burundi ... Burundi Franc	154.60
Cameroon Rp ... C.F.A. Franc	[illegible]
Canada ... Canadian $	[illegible]
Canary Is. ... Spanish Peseta	[illegible]
Cape Verde I. ... Cape V. Escudo	[illegible]
Cayman Is. (S) ... Cay. I. $	[illegible]
Cent. Af. Rp. ... C.F.A. Franc	[illegible]
Chad ... C.F.A. Franc	[illegible]
Chile ... C. Peso	[illegible]
China ... Renminbi Yuan	[illegible]
Colombia ... C. Peso	[illegible]
Comoros Is. ... C.F.A. Franc	[illegible]
Congo (B'ville) ... C.F.A. Franc	[illegible]
Costa Rica ... Colon	[illegible]
Cuba ... Cuban Peso	[illegible]
Cyprus (S) ... Cyprus £	[illegible]
Czechoslovakia ... Koruna	[illegible]
Denmark ... Danish Krone	[illegible]
Dominica (S) ... E. Caribbean $	[illegible]
Domin. Rep. ... Dominican Peso	[illegible]
Ecuador ... Sucre	[illegible]
Egypt ... Egyptian £	[illegible]
Ethiopia ... Ethiopian Birr	[illegible]
Eq'l Guinea ... Peseta	[illegible]
Falkland Is. (S) ... Falkland Is. £	[illegible]
Faroe Is. ... Danish Krone	[illegible]
Fiji Is. ... Fiji $	[illegible]
Finland ... Markka	[illegible]
France ... French Franc	[illegible]
Fr. C'ty in Af. ... C.F.A. Franc	[illegible]
Fr. Guiana ... Local Franc	[illegible]
Fr. Pacific Is. ... C.F.P. Franc	[illegible]
Gabon ... C.F.A. Franc	[illegible]
Gambia (S) ... Dalasi	[illegible]
Germany (East) ... Ostmark	[illegible]

Place and Local Unit	Value of £ Sterling
Germany West ... Deutschemark	4.09½
Ghana (S) ... Cedi	1.98
Gibraltar (K) ... Gibraltar £	1.0
Gilbert Is. ... Aust. Dollar	1.5684
Greece ... Drachma	63.620
Greenland ... Danish Kroner	10.08
Grenada (S) ... E. Caribbean $	4.62712
Guadaloupe ... Local Franc	8.55¾
Guam ... U.S. $	1.7158
Guatemala ... Quetzal	1.7158
Guinea Rep ... Sily	38.0621
Guinea Bissau ... —	66.468
Guyana (S) ... Guyanese $	4.3700
Haiti ... Gourde	[illegible]
Honduras Rep ... Lempira	[illegible]
Hong Kong (S) ... H.K. $	[illegible]
Hungary ... Forint	[illegible]
Iceland (S) ... I. Krona	[illegible]
India (S) ... Ind. Rupee	[illegible]
Indonesia ... Rupiah	[illegible]
Iran ... Rial	[illegible]
Iraq ... Iraq Dinar	[illegible]
Irish Rep ... Irish £	[illegible]
Israel ... Israel £	[illegible]
Italy ... Lira	[illegible]
Ivory Coast ... C.F.A. Franc	[illegible]
Jamaica (S) ... Jamaica Dollar	[illegible]
Japan ... Yen	[illegible]
Jordan (S) ... Jordan Dinar	[illegible]
Kampuchea ... Riel	[illegible]
Kenya (S) ... Kenya Shilling	[illegible]
Korea (Nth) ... Won	[illegible]
Korea (Sth) ... Won	[illegible]
Kuwait (S) ... Kuwait Dinar	[illegible]
Laos ... Kip Pot Pol	[illegible]
Lebanon ... Lebanese £	[illegible]
Lesotho ... S. African Rand	[illegible]
Liberia ... Liberian $	[illegible]
Libya ... Libyan Dinar	[illegible]
Liechtenstein ... Swiss Franc	[illegible]
Luxembourg ... Lux Franc	[illegible]
Macao ... Pataca	[illegible]
Madeira ... Portug'se Escudo	[illegible]
Malagasy Rp. ... MG Franc	[illegible]
Malawi (S) ... Kwacha	[illegible]
Malaysia (S) ... Ringgit	[illegible]
Maldive Is. (S) ... Mal. Rupee	[illegible]
Mali Rp. ... Mali Franc	[illegible]
Malta (S) ... Maltese £	[illegible]
Martinique ... Local Franc	[illegible]
Mauritania ... Ouguiya	[illegible]
Mauritius (S) ... M. Rupee	[illegible]
Mexico ... Mexican Peso	[illegible]
Miquelon ... C.F.A. Franc	[illegible]
Monaco ... French Franc	[illegible]
Mongolia ... Tugrik	[illegible]
Montserrat ... E. Caribbean $	[illegible]
Morocco ... Dirham	[illegible]
Mozambique ... Moz. Escudo	[illegible]
Nauru Is. ... Aust. Dollar	[illegible]
Nepal ... Nepalese Rupee	[illegible]
Netherlands ... Guilder	[illegible]
Neth. Ant'lles ... Antillian Guilder	[illegible]
New Hebrides ... Franc / Aust. Dollar	[illegible]
N. Zealand (S) ... N.Z. Dollar	[illegible]
Nicaragua ... Cordoba	[illegible]
Niger Rp. ... C.F.A. Franc	[illegible]
Nigeria (S) ... Naira	[illegible]
Norway ... Nrwg. Krone	[illegible]
Oman Sultanate of (S) ... Rial Omani	[illegible]
Pakistan ... Pak. Rupee	[illegible]
Panama ... Balboa	[illegible]
Papua N.G. (S) ... Kina	[illegible]

Place and Local Unit	Value of £ Sterling
Paraguay ... Guarani	215.64
People's D. Rp. of Yemen (S) ... S. Yemen Dinar	(A) 0.592
Peru ... Sol	ex A 124.04
Philippines ... Ph. Peso	12.74510
Pitcairn Is. (S) ... £ Sterling	—
Pitcairn Is. (S) ... New Zealand $	1.7891
Poland ... Zloty	Cm 32.52 / (T) 58
Portugal ... Pgse Escudo	n.a.†
Port Timor ... Timor Escudo	n.a.†
Principe Isle ...	n.a.
Puerto Rico ... U.S. $	1.7158
Qatar (S) ... Qatar Ryal	[illegible]
Reunion Ile de la ... French Franc	[illegible]
Rhodesia ... Rhodesian $	[illegible]
Romania ... Leu	[illegible]
Rwanda ... Rwanda Franc	[illegible]
St. Christopher (S) ... E. Caribbean $	[illegible]
St. Helena (S) ... St. Helena £	[illegible]
St. Lucia (S) ... E. Caribbean $	[illegible]
St. Pierre ... C.F.A. Franc	[illegible]
St. Vincent (S) ... E. Caribbean $	[illegible]
Salvador El ... Colon	[illegible]
Samoa (Am) ... U.S. $	[illegible]
San Marino ... Italian Lira	[illegible]
Sao Tome ... Por. Escudo	[illegible]
Saudi Arabia ... Ryal	[illegible]
Senegal ... C.F.A. Franc	[illegible]
Seychelles ... S. Rupee	[illegible]
Sierra Leone (S) ... Leone	[illegible]
Singapore (S) ... Singapore $	[illegible]
Solomon Is (S) ... Australian $	[illegible]
Somali Rep ... Somali Shilling	[illegible]
South Africa (S) ... S.A. Rand	[illegible]
S.W. African Ter. ... S.A. Rand	[illegible]
Spain ... Peseta	[illegible]
Span. Ports in N. Africa ... Peseta	[illegible]
Sri Lanka (S) ... S.L. Rupee	[illegible]
Sudan Rp. ... Sudan £	[illegible]
Surinam ... S. Guilder	[illegible]
Swaziland (S) ... Lilangeni	[illegible]
Sweden ... S. Krona	[illegible]
Switzerland ... Swiss Franc	[illegible]
Syria ... Syria £	[illegible]
Taiwan ... New Taiwan $	[illegible]
Tanzania (S) ... Tan. Shilling	[illegible]
Thailand ... Baht	[illegible]
Togo Rp. ... C.F.A. Franc	[illegible]
Tonga Is (S) ... Pa'anga	[illegible]
Trinidad (S) ... Trin. & Tobago $	[illegible]
Tunisia ... Tunisian Dinar	[illegible]
Turkey ... Turkish Lira	[illegible]
Turks & Caicos ... U.S. $	[illegible]
Tuvalu ... Australian $	[illegible]
Uganda (S) ... Ug. Shilling	[illegible]
United States ... U.S. Dollar	[illegible]
Uruguay ... Uruguay Peso	[illegible]
Utd. Ab Emirates ... U.A.E. Dirham	[illegible]
U.S.S.R. ... Rouble	[illegible]
Upper Volta ... C.F.A. Franc	[illegible]
Vatican ... Italian Lira	[illegible]
Venezuela ... Bolivar	[illegible]
Vietnam (Nth) ... Dong	[illegible]
Vietnam (Sth) ... Piastre	[illegible]
Virgin Is. U.S. ... U.S. Dollar	[illegible]
Western Samoa (S) ... Samoan Tala	[illegible]
Yemen ... Ryal	[illegible]
Yugoslavia ... New Y Dinar	[illegible]
Zaire Rp. ... Zaire	[illegible]
Zambia (S) ... Kwacha	[illegible]

† Rate unobtainable following 15 per cent. devaluation. [illegible]

Written Answers

Mr. Donald Stewart (Scot. Nat.—Western Isles). What is the estimated proportion of VAT per week in the average household expenditure?

Mr. Robert Sheldon, Financial Secretary. It is estimated that in 1976 about 5 per cent. of consumers' expenditure was VAT.

*

Sir John Hall (Con., Wycombe). What has been the percentage increase in wages, salaries, prices and total income from dividends and incomes taxed at source, over ten years ending with the last year for which all these figures are available?

Mr. Denzil Davies, Minister of State. Between the financial years 1964-65 and 1974-75, wages and salaries increased by 174 per cent.; the general index of retail prices rose by 102 per cent.; and investment income of individuals taxed at source (including building society interest) is estimated to have risen by 87 per cent. Both wages and salaries and investment income are measured gross of tax.

*

Mr. Mark Carlisle (Con., Runcorn). What is the sum of money to-day which would have the same value as the sum of: £15.75 and £9.45 paid to solicitors under the legal aid scheme for attendance at court on January 1, 1961?

Mr. Joel Barnett, Chief Secretary. If the change in the value of these sums is measured by the movement in the retail price index, the equivalent figures at January 1977 are (a) £54.49 and (b) £32.69.

*

Mr. Robin Corbett (Lab., Hemel Hempstead). If relief was given on commuter rail monthly season tickets costing £30 a month or more at: (a) 10 per cent., and (b) 20 per cent?

Mr. Denzil Davies. I regret that the information needed to provide precise estimates is not available. However, if expenditure tickets were relieved at the rates postulated, it is estimated that the current cost would exceed £15m. and £30m. respectively.

*

Dr. Oonagh McDonald (Lab., Thurrock). What is the average increase in dividend distribution above the statutory limitation for which the Treasury gave consent in 1976?

Mr. Joel Barnett. The aggregate increase in ordinary dividend distributions above the statutory limit made with Treasury consent in 1976 was £32.7m. or 1.78 per cent. of total ordinary dividends. Consents are given in a variety of circumstances and it is not appropriate to average the increases allowed in individual cases. When new capital is being raised, the amount of increase allowed relates to the yield considered necessary to secure the success of the issue.

*

ENERGY

Mr. Robin F. Cook (Lab., Edinburgh Central). Has any plutonium recovered from the reprocessing of irradiated fuel elements sent to Windscale from foreign states even been returned to the country of origin?

Mr. Anthony Wedgwood Benn, Secretary of State. Yes. Recovered plutonium has been returned to Italy, Japan, Germany and Canada. All exports of plutonium are, and have been, subject to the condition that the recipient accepts appropriate safeguards on returned material which ensure that it will only be used for civil purposes.

Tory puts referendum proposal

THE DANGER that people in Scotland will blame English MPs for preventing devolution, was raised in the Commons yesterday.

Mr. Robert Adley (C. Christchurch and Lymington) asked: "Is it beyond the wit of the Government to devise some form of referendum before legislation?"

He suggested that, if necessary, there could be a further referendum to confirm the result of the first one, after Parliament had passed the legislation.

Mr. Adley thought the Government should consider if it was practical to let people of Scottish or Welsh nationality, by birth or parentage, vote in a referendum even if they were not on an electoral register in either place.

Mr. John Smith, Minister of State at the Privy Council Office, said the Government did not rule out any proposition entirely. But any referendum, except the one already proposed by the Government, would be imprecise, and would need separate legislation.

Sir Harold joins call for divided Treasury

BY RUPERT CORNWELL, LOBBY STAFF

SIR HAROLD WILSON has joined the growing number of senior political figures ready to consider a split in the Treasury to merge its public expenditure side with the existing Civil Service Department.

Sir Harold's remarks yesterday to a sub-committee of the Commons Expenditure Committee came just a week after similar testimony from Mr. Edward Heath, the former Conservation Premier, backing an idea floated by the Cabinet Secretary, Sir John Hunt.

At the same time, he rejected suggestions made in the book published last month by Mr. Joe Haines, his former Press secretary, that the Treasury narrowly failed to stage a "coup" against the then Labour Government by trying to steamroller an incomes policy through the Cabinet at the height of the summer 1975 sterling crisis.

"I have no evidence to suggest that was true," he said. Every Government probably became frustrated in office because it had not worked out earlier what it wanted civil servants to do.

When it did come to power, a Government would sometimes panic at the consequences of the policies it planned and at their financial implication, which were always hard to gauge when in opposition, Sir Harold commented.

Although the sub-committee, which is investigating developments in the Civil Service following the 1968 Fulton Report, tiptoed around the controversial subject of the 10 Downing Street "kitchen Cabinet" so luridly chronicled by Mr. Haines, Sir Harold did manage a sharp rebuke for his former aide.

Asked by Mr. John MacGregor (C., Norfolk S.), whether there should not be an agreement preventing political advisers from publishing memoirs of their time in office he tersely answered "I say yes."

The former PM, who stepped down 11 months ago, said his views on dividing the Treasury had shifted in the last few months, and now he felt a strong case existed for at the very least examining the possibility.

If the scheme was to be successful, however, a firm proviso should be made that the Cabinet decide on the size of total expenditure at the outset of the exercise. This had happened in the last two rounds of public spending cuts, where the overall reduction had been settled in advance before the burden was parcelled out among various departments.

Sir Harold said much of public expenditure related to the staff required to put it into effect, particularly locally, and this strengthened the case for giving the CSD greater sway over overall public expenditure alongside its existing control of Civil Service staffing.

The recommendation of the sub-committee will be set out in a report due in a few months time. Sir Harold said that if it found for no change in the status quo, he would back creation of a special "neutral tribunal" composed of senior non-spending Cabinet Ministers, including the Lord President and the Lord Privy Seal, to rule on how expenditure cuts should be allocated.

The third option canvassed by Sir John Hunt—of a transfer of the CSD's manpower side back into the Treasury—was dismissed flatly. "I am very much against switching any part of the Department back into the Treasury," Sir Harold [illegible] did he consider that the [illegible] its expenditure side [illegible] greatly weaken the [illegible] overall grip on the [illegible]

Questioned about the [illegible] of full-time political [illegible] e Prime Minister, he [illegible] system looked to be [illegible] well. But it was important [illegible] the people chosen were [illegible] kind who might have been [illegible] Civil Servants in any [illegible] not of a purely political [illegible]

Sir Harold was generally [illegible] committal on the issue of [illegible] Ministries, some of which [illegible] the Department of the [illegible] ment, were devised [illegible] period of office. He [illegible] however, that the [illegible] Security Ministry might [illegible] better been linked with [illegible] Home Office rather than [illegible] the Ministry of Health, [illegible] finally was.

He dismissed as totally [illegible] true suggestions, notably in [illegible] diaries published by the [illegible] Cabinet Minister, Mr. [illegible] Crossman, that the [illegible] Secretary frequently [illegible] Cabinet minutes. This was impossible, Sir Harold said.

Sir Harold Wilson told a Tory questioner there should be an agreement preventing political advisers publishing memoirs of their time in office.

Europe 'drop-out' fear voiced by Tories

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

BRITAIN IS in danger of becoming the "drop-out" of Europe" because of the Government's failure to fix a date for the early introduction of legislation on direct elections to the European Parliament, Mr. Douglas Hurd, Conservative spokesman on the EEC, warned in the Commons yesterday.

His warning came as Mr. Frank Judd, who took over as Minister of State at the Foreign Office last week, made his first appearance at the Despatch Box since his promotion.

Mr. Judd, who now has responsibility for EEC matters at the Foreign Office, was given a severe baptism as he faced a barrage of questions from both sides of the House.

From the Conservatives came protests that the Government was dragging its feet over direct elections, despite the fact that the EEC target date envisages their commencement in May or June next year.

At the same time, he faced fierce criticism from pro- and anti-Marketeers on both sides of the House over the possible sale of EEC butter to the Soviet Union at prices far below those paid by the British housewife and other consumers within the Community.

On the question of direct elections, Mr. Judd would only say that the legislation would be brought forward as soon as possible, following the publication of a "White Paper with green edges."

Repeating the Government's well-tried formula, he said it was still firmly committed to "using its best endeavours" to achieve the Community target date on direct elections.

Turning to the question of the "butter mountain," and the strong criticisms of the CAP, he promised that Britain would be taking a firm line in Community discussions. "It is indeed our objective to see that surpluses are used for the benefit of members of the Community and our own people, rather than people outside," he told MPs.

Mr. Hurd asked whether, at the meeting of the European Council in Rome on March 25-26, the Heads of State would be reviewing progress on the commitment to direct elections. He pointed out that it was now a year since the Government produced its Green Paper on the subject. In that time, no salient fact had changed, yet nothing had been done in this country.

"If this is what the Government means by its best endeavours, then what can we expect from their worst endeavours?" he asked.

Mr. Hurd also wanted an assurance that at the meeting in Rome, Mr. Callaghan, the [illegible] Minister, would be putting weight behind proposals to [illegible] farm prices to the Community levels likely to rule out [illegible] accumulation of future sur[illegible]

Mr. Judd reminded him [illegible] the Minister of Agriculture [illegible] John Silkin) was at that [illegible] in Brussels, discussing the [illegible] question. The Government [illegible] recognised the concern felt [illegible] this matter.

"Our major concern is to [illegible] real constraint on prices, [illegible] taking fully into account [illegible] main aim of increasing [illegible] food production," he expl[illegible]

He recalled that Mr. [illegible] Jenkins, the new President of [illegible] Commission, had emphasised [illegible] need for action in the inte[illegible] of the consumer. The G[illegible] ment fully supported that. [illegible] It wanted better use of re[illegible] so that the CAP would [illegible] effective support for [illegible] without putting excessive [illegible] dens on the consumer or [illegible] payer.

There were Tory cries "When, when?" as Mr. Judd [illegible] that the Government intended [illegible] publish a White Paper on [illegible] elections.

An outburst of Tory [illegible] greeted his remark: "When [illegible] is considering a constitut[illegible] change of such consequence, [illegible] is not something to [illegible] impetuously rushed."

EEC farm policy attacked

A strong attack on the Common Agricultural Policy came from Mr. Eric Heffer (Lab., Walton), who said it was time that Britain went along to the EEC and refused to continue to participate in the CAP until it was renegotiated.

According to Mr. Neil Marten (Banbury), a leading Tory anti-Marketeer, it was no good tinkering around with the CAP. It should be abandoned and replaced by a national agricultural policy because this was the only *way to keep prices down.*

Mr. Dennis Skinner (Lab., Bolsover) strongly criticised the proposed butter sale and said that it underlined the need for Britain to drop out of the "ramshackle organisation" of the EEC.

Mrs. Gwyneth Dunwoody (Lab., Crewe), forecast that if there were to be two more minimum acquisition price increases for EEC butter this year plus the revaluation of the green [illegible] then it would lead to yet more unacceptable price rises. This in turn, would mean even greater butter surpluses.

Mr. William Hamilton (Lab., Fife Cent.), a member of the European Parliament, said the whole country was outraged at the selling off of the butter to *the Soviet Union.* There should be a full Commons debate on the CAP so that MPs could let their colleagues on the Continent know that "we cannot put up with this any longer."

Private sector 'perks' retort by Minister

BY IVOR OWEN

CRITICS OF inflation-proof pensions enjoyed by civil servants and others in the public service were urged yesterday to take account of the inflation proofed "perks" available to many employees in the private sector by Mr. Charles Morris, Minister of State for the Civil Service.

Private cars, preferential mortgage rates, and interest free loans for home to work travel were among the benefits offered to staff in the private sector doing precisely the same job as many in the public sector, he said in the Commons.

"These perks are just not available to civil servants in the public sector," Mr. Morris emphasised.

Mr. Tim Renton (C., Mid Sussex) denied that the interest he has consistently shown in the inflation proofing of public service pensions could be described as an anti-civil service campaign. There was continuing concern about the cost involved, particularly as the rate of inflation seemed to be back near the 20 per cent. level this year, he maintained.

Mr. Renton asked if the Government intended to consider relating increases in Civil Service pensions to the level of wage increases instead.

Assuring the House that the indexation of public service pensions was kept constantly under review, Mr. Morris said it was one of the factors which would be reviewed this year.

But he rejected a suggestion by Mr. John MacGregor (C., South Norfolk) that the pay research unit should be instructed to undertake an examination of the current situation relating to occupational pension schemes in the private sector

Register of lobbyists call

A REGISTER of commercial lobbyists was demanded by Mr. Max Madden (Lab. Sowerby) in the Commons yesterday.

Mr. Madden referred to a Commons inquiry set up before Christmas into charges of harassment and undue pressure on MPs by a firm called International News Services. He hoped the inquiry would be conducted "extensively and with a sense of urgency."

Mr. Michael Foot, Leader of the House, told Mr. Madden that it was not the practice to discuss the proceedings of a Commons committee before it had reported to the House, so it would not be right for him to comment now.

But he said that if such lobbyists did not conduct their business properly, MPs could raise it in the House.

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The Management Page

EDITED BY JOHN ELLIOTT

Companies will soon have to come to grips with the intricacies of new race relations laws. SUE CAMERON examines the implications

Tighter rules to curb discrimination

THE GOVERNMENT'S new Race Relations Act—expected to come into force in April or May—may well have uncomfortable consequences for companies which have observed the letter but not the spirit of the current laws against racial discrimination.

Existing evidence suggests that many employers have been storing up future trouble for themselves by adopting a complacent laissez faire attitude towards race questions. But the new legislation is considerably tougher than the 1968 Act, which it will replace, and it could force managements to do some basic rethinking about their policies.

The new law differs from the old in a number of ways, but the most important changes in the employment field are those concerned with complaints procedures, indirect racial discrimination, and racial balance within a workforce.

At present complaints about discrimination in employment go to the Race Relations Board or to one of its regional committees. In addition to this, certain industries have set up their own machinery for dealing with racial disputes and the Board often sends cases to them for voluntary settlement. If all attempts at conciliation fail, the Board has power to seek a ruling from the courts.

But, under the new Act, all claims of racial discrimination in employment will go to the country-wide network of industrial tribunals which have dealt with a variety of other labour problems for over ten years. The Race Relations Board and the Community Relations Commission will be abolished, and they will be replaced by a Commission for Racial Equality. This Commission will have wide ranging powers to issue codes of practice and formally to investigate race relations in any area it chooses, including industry.

The new Act will outlaw indirect discrimination by employers. This means that a company will be unable to insist on any employment conditions or requirements which would have the practical effect of discriminating against a particular racial group. The law on indirect discrimination will cover such things as the ability to speak English and it is likely to provide some serious pitfalls for the unwary.

Current evidence suggests that some employers insist on all their workers having a good command of English, regardless of whether or not they need it to do their jobs properly. This puts first generation immigrants at a severe disadvantage when they have to compete with indigenous white people in the labour market. But when the new Act comes into force, companies which follow this practice could find themselves brought before an industrial tribunal and accused of indirect discrimination—unless they can prove that good English is a necessary requirement for a particular job.

English speaking

The law on indirect discrimination will apply to application forms and tests that can only be understood by English speakers. Companies which refuse to take account of foreign qualifications or of experience abroad could well find themselves in trouble. It is also almost certain that employers will not be able to evade the law by saying that workers must speak and write English well in case they are promoted to a post where they will need it.

When the new Act becomes effective companies will no longer be able to turn down a job application from a coloured worker on the grounds that his appointment would disturb the racial balance of the workforce. This is permissible at present, but in future it will be illegal.

The 1976 Act — the new law received the Royal Assent last year even though it is not yet in force — will also apply to partnerships, and to contract workers who were not covered by previous legislation. It will also deal specifically with victimisation. Aa a result any employer who victimised his workers because they have taken proceedings against him under the race relations legislation could find bimself brought before an industrial tribunal.

The new law will almost certainly bit small- and medium-sized businesses the hardest, because its implementation could he expensive in terms of management time. Most big companies will be able to draw on the resources of personnel departments but smaller organisations may be hard pressed lo release managers from normal duties so that they can study the Act and make any necessary administrative cbanges.

What is more, executives often reseot having to devote considerable effort to something tbat is not going to have any direct effect on production. As one industrialist points out, it is hardly surprisiog that the immediate reaction of many small companies wben they see new legislation on the horizon is to "duck and bope it doesn't hit them."

Yet from now on it will become increasingly risky to ignore the new law which closes many of the loopholes that have so far enabled employers to discriminate against coloured workers—consciously or otherwise—in training, promotion and recruitment.

The ruling on indirect discrimination will prevent companies turning away coloured joh applicants with some spurious excuse. This means that organisations will not be able to limit the *proportion* of coloured people they employ especially as it will also be unlawful to maintain a racial balance in a workforce. As a result, employers will have to become more sensitive to tbe needs of hlack and Asian workers simply because there will be more of them in some companies and they could wield more power.

For example if two Muslim Asians in an average sized company demand an extra meal break during the nigbt shift because they have to prepare for the Ramadan fast, the management can refuse with a fair degree of impunity: there is indeed reason to believe that many managements woold do just that. But if there are 200 Muslims on the shop floor and they all insist on an extra break then the company will have to agree. If it does not do so, it is *likely to fall foul of the law* against indirect discrimination.

The strengthening of the race relations laws could mean that they will be invoked far more frequently hy those who believe that they are the victims of discrimination at work. This in itself may complicate industrial relations in some companies for once complaints start going through industrial tribunals the trades unions will become mnch more closely involved in all racial questions. At the same time there is a chance that the unions and the established immigrant workers' associations will vie more with each other for the rigbt to represent the interests of coloured employees.

The 1976 Act applies to trades unions just as much as to employees and the TUC is currently preparing general guidelines on the new law for its unions. It is also planning to *give shop stewards specific* advice on how to process complaints and in addition it is doing its best to encnurage coloured workers to play a more prominent part in union affairs.

The relationship between coloured workers and the trades unions is, however, often tenuous. People of immigrant origin often join unions and pay their subscriptions without demur but, baving done so they virtually opt out of union affairs. They do not bother to attend meetings and they do not take their grievances to their union representatives.

In some cases individual unions have done little to change this state of affairs. As a result some coloured employees may take their complaints to bodies like the Indian Workers' Association rather than to a trade union.

The 1976 Act is likely to highlight the need to include race relations in management training courses. At present many exeeutives are given no help or information whatever on the problems of managing a multinational workforce. This means that there are probably far more misunderstandings and even disputes over racial matters than there need to be.

Managers need to learn something about the manners and customs of different racial groups simply because behaviour that is regarded as normal in some societies is quite unacceptable in others. For example, what is regarded as a businesslike tone of voice tn a coloured worker may sound like inselence to a British manager.

Parity with white workers

Executives also need to be trained to recognise specifically racial disputes when they see them. If all the workers in a particular section are black and they all demand parity with higher paid white employees who are doing similar jobs, then the management may leap to the conclnsion that it has a racial problem on its bands. It is possible that the managers would be right: it is equally possible that exactly the same situation would have arisen in a factory that employed only white people.

The law lays down that employers can be held responsible for racial discrimination by their workers. This makes it even more important to extend management training so that it covers race relations. For a company can only avoid liability for the discriminatory activities of its employees if it can show that it took positive steps to discourage and restrain them. Thia means doing considerably more than just posting up notices saying that the company has a policy of giving equal opportunity to people of all races.

It should alsn be noted that the law does allow employers to discrimioate in favour of coloured workers wben it comes to training. A company would not be acting unlawfully if it organised English lessons for immigrant employees so that they could be promoted to better jobs.

The research that has been done into race relations in industry suggests that many changes will have to be made before coloured people are really treated as equals in offices and factories. All too often they are conceotrated in the worst paid and least pleasant jobs. The new laws, whicb will come into force as soon as the Commissinn for Racial Equality has been fully set up, will do much to rectify present injustices. But for managements the 1976 Race Relations Act will also mean a lot of hard work.

Mr. David Lane, chairman of the new Commission for Racial Equality

WHAT THE NEW LEGISLATION WILL REQUIRE IN EMPLOYMENT

The Race Relations Board and the Community Relations Commission will be abolished.

A Commission for Racial Equality is being set up with powers to investigate race relations in any area and to issue Codes of Practice.

Indirect discrimination will become unlawfol.

Employment complaints will be handled by industrial tribunals with appeals on points of law going to the Employment Appeals Tribunal.

Contract workers and partnerships will be covered by the new Act. "Discrimination on racial grounds" covers colour, race, nationality including citizenship, and ethnic nr national nrigins.

Criminal law relating to the incitement nf racial hatred is strengthened.

Discrimination through victimisation will become unlawful.

Maintenance of a racial balance will become unlawful.

Survey shows lack of managerial awareness

MANY MANAGERS show a great lack of awareness of racial problems, according to a survey to be published by the Institute of Personnel Management later this year.

The survey researchers — Manab Thakur and Keith Carby — bave prepared the survey after studying race relations in 22 British companies.

They suggest that one reason for the lack of awareness could be the fact that many coloured workers are only interested in earning as much money as possible so that they can continue to support their famiiles in their countries of origin. As a result they work hard, do as they are told, and without any fuss, keep to themselves and never complain.

Yet the IPM researchers have found that the people who behave in such a passive way are nearly always first generation immigrants who bope eventually to return to the land wbere they were born—regardless of wbether or not they bave British nationality. It was also discovered that, although they do not grumhle, they often do have grievances.

Mr. Carby and Mr. Thakur point out that the proportion of coloured people in Britain who were born in the U.K. now stands at 40 per cent. and it is increasing. These young blacks and Asians, unlike their parents, will demand the same rights and treatment as any other Britons. Unless managers recognise that slow but certain change is taking place in the attitude of their coloured employees, they could find themselves facing major problems.

The IPM researchers say that individual managers need far more help and support if they are to cope adequately with the problems that can arise in a multi-national workforce. Tbey add that companies will have to do more than just obey the law if their policies on race relations are to prove really successful. Some of the organisations studied bad already appreciated this and were drawing up detailed and positive plans for ensuring racial equality at all levels.

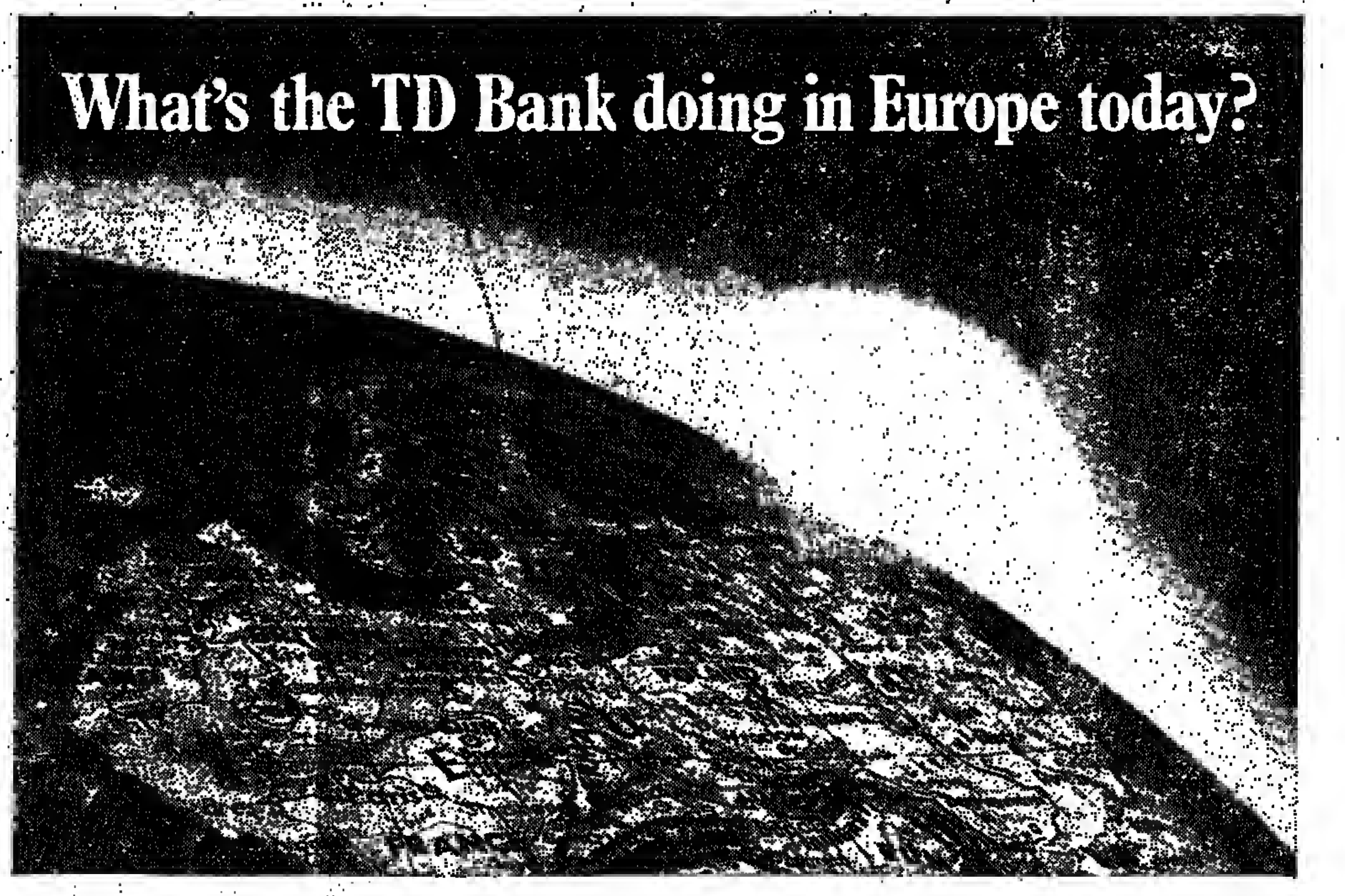
Mr. Carby and Mr. Thakur insist that there is oo room for managerial complacency over race relations. They report that in one or two of the companies they visited they found signs of serious racial difficulties and even of overt racial batred.

Business books

Restructuring Modern Business Attitudes, by Bruce A. C. Hills, Business Books, £5.50. The anthor bas set out to re-examine the way in whicb business is structured, its weaknesses and the way in whicb weaknesses can be eradicated.

Energy and Social Change, by James O'Toole and the University of Sonthern California Center for Futures Research. The MIT Press, £7.50. This book has resulted from a Twenty-Year Forecast Project which was directed by the author, and conducted through the University of Sonthern California Center for Futures Research.

Social Control in Industrial Organisations, hy Peter Bowen. Routledge and Kegan Paul, £5.75. This is an account of the application of sociological concepts and ideas to the process of social relations between employer and employee, and between all types of workers in industrial organisations.



THE FINANCIAL TIMES
(Established 1888)
Incorporating THE FINANCIAL NEWS
(Established 1884)
Head Office Editorial & Advertisement Offices:
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telephone Day & Night: 01-248 8000. Telegrams: Finantimo, London
Telex: 886341/2, 883897
For Share Index and Business News Summary Ring: 01-246 8026
TUESDAY, MARCH 1, 1977

Defending the indefensible

THE 1977 Defence White Paper, published yesterday, is a study in constrasts. On the one hand it seeks briefly to explain the latest cuts in defence expenditure. On the other it gives an account of the military capability of the Warsaw Pact in terms so chilling as to make one wonder how the Government could *ever* have contemplated the cuts in the first place.

Redistribution

To take just a few of many possible examples, the White Paper reminds us that *the* military spending of the Soviet Union is estimated to have grown by some 5 per cent. a year in real terms over the past *three years*. It says again that although the number of Soviet divisions in Central Europe has remained unchanged since the Warsaw Pact invasion of Czechoslovakia in 1968, "their real combat strength, in terms of additional tanks, guns, armoured personnel carriers and manpower, has increased by the equivalent of six complete pre-1968 divisions." As for the Soviet air forces, it notes that the main thrust of their re-equipment programme is "directed towards achieving a major advance in the ability of the Tactical Air Force to engage in conventional *offensive* air operations instead of the earlier concept of *air defence* over, and direct support of, the Soviet Army." (Our italics.) Not least, the Soviet Union is about to deploy a new intermediate range ballistic missile, the SS-X-20, 'capable of reaching any major *target* in Europe."

It was against this background—it has, after all, scarcely changed in the past few months—that the Government chose to cut 1977-78 defence spending by *£100m*. last *July* and by a further £100m. last December, "when," as the White Paper puts it, "a cut of £230m. in the planned defence budget for 1978-79 was also announced." The total cuts in planned defence spending for *1977-78, if* earlier decisions are included, in fact amount to £953m. and for 1978-79 to over £1.2bn.

The White Paper offers little that is new in the way of justification. "It would be wrong for *Britain*," it says *simply*, "*to* try to sustain a defence contribution out of proportion to her economic *strength*." Elsewhere it argues that in spite of the series of cuts British defence spending as a percentage of Gross Domestic Product in 1976 was inferior only to that of West Germany and the U.S. among major allies.

There is something, if not very much, in both points. Clearly defence spending could reach a level where the achievement of other social and economic aims is endangered, though even that is hard to argue at the same time as stressing—as the White Paper does—*that the military balance has* moved further in favour of the Warsaw Pact. More importantly Britain is entitled to say that it is not the only member of the Alliance and that it is up to those which are economically stronger to bear a larger share of the burden.

Front-line

The latter represents a reasonable case, but it is not the case that is being put. There is a provision in Article 3 of the North Atlantic Treaty under which Britain could appeal directly to the Alliance either for a redistribution of its defence commitments or its defence expenditure. Similar provisions exist in the Protocols to the Brussels Treaties under which Britain maintains troops in West Germany. The British Government has chosen to ignore them. Instead it has made its cuts unilaterally with consultations with the Allies coming only after the basic decision to reduce expenditure has been taken. There was a *time, quite early* on *in the* process, when it could be said that it did not much matter since the cuts were either extra-European or did not affect central commitments. Even that excuse has now been blown and blown by the White Paper itself which admits that the cuts in 1978-79 spending will mean reductions in Britain's front-line contribution to the Alliance. The aim now is merely to keep these reductions to a minimum.

One returns to the assessment of the Pact's capability. It is a matter for astonishment that a Government which can see that part of the situation so clearly can react so blindly. If nothing else, the 1977 White *Paper should* succeed in condemning the Government by its own words.

British Leyland and Phase Three

THE SITUATION at British Leyland, where the greater part of production has been brought to a stop by an unofficial strike of toolmakers, is of most obvious and immediate concern because the company is unable to meet the productivity and cash flow targets laid down for it by the National Enterprise Board and because the future of its capital investment programme is therefore in doubt. Mr. Kaufmann, answering an emergency question in the Commons yesterday, made it clear that the survival of the company was now at stake, that the *supply of further* finance would depend on an assessment of performance, and that British Leyland would bleed to death unless the men were willing to observe orderly negotiating procedures. The same point had been made even more bluntly over the week-end by the Midlands executive member of the Engineering Union, who pointed out that no Government would go on pumping money into a factory closed by strikes.

The toolmakers' dispute arises mainly out of feeling about the erosion of differentials, which cannot be restored under the present stage of pay restraint. This is not the first case of industrial action at British Leyland which has taken place because pay restraint has held up the company's plans for rationalising pay throughout its plants.

Procedure

It may also be the case that the arrangements made at British Leyland for participation by the *workforce* in management decision-making has widened the gap between full-time trade union officials and shop-floor workers, by increasing the relative importance of shop stewards and giving greater influence to *mavericks* who are less aware than full-time union officials of the *serious risk* to the company's future or less concerned about it. But the ability of the Engineering Union to control its shop stewards and its members has been in doubt for some time at plants that have nothing to do with British Leyland. In any case, it is clear that unless the men are willing to abide by orderly negotiating procedures no plan for the future of the company is worth considering seriously. This is the point at which all the unions concerned must bring their full weight to bear.

Apart from the future of British *Leyland itself*, however, which inevitably becomes less certain with every fresh industrial dispute, there are features of the toolmakers' strike which have direct and serious implications for the next stage of *voluntary* pay *restraint* and *for* the talks between the Government and the TUC which are now in progress. The first is the tremendous pressure which has built up for the restoration of real differentials. The second *is* the *counter-pressure* from less skilled workers to maintain the relative gains which they have made during the period of restraint, which often implies rivalry between unions.

Shaky formula

The third and potentially most troublesome aspect of the affair is the inability of union leaders to control their members. It is because they are conscious of this inability that union leaders are either opposed to a further period of restraint or are unwilling to commit *themselves* until they have the backing of their conferences. But the Government, too, should draw the moral—that it cannot rely on the observance of any formula that may be agreed for Phase Three, and that it should therefore not offer too much in advance for agreement.

The conundrum of Mr. Carter and his foreign policy

By JUREK MARTIN, U.S. Editor, Washington, Feb. 28

THE OFFSTAGE mutterings that can be heard in Europe about President Jimmy Carter's foreign policy *are* also *heard in* Washington. What they amount to is basically this: the Lone Ranger, who answered to the name of Henry Kissinger, has been replaced by a bunch of wild Red Indians with no experience and no *control over their tongues*, loosely gathered under a tribal chieftain who is trying to run before he has learned how to crawl.

He has plunged headlong into countless complex fields even before picking all his advisers—in relations with the Soviet Union, Africa, Asia, the Middle East, South America, the Caribbean; he keeps talking about controlling the proliferation of nuclear technology, the *international arms traffic*, and the strategic arms race with the Soviet Union; and perhaps above all he insists on speaking the hitherto unspoken on human rights. *Irrespective* of whether the dialogues are East-West or North-South, the complainers maintain, the delicate balance of forces is being disturbed. *The* only consolation for them *is that sooner* or later the new chief will realise that it is not as easy as it seems at first and that in the long run it is probably better to play the game by the time-honoured rules.

Are East-West relations being *disturbed by the President, whose letter to Dr. Sakharov (right) caused a stir? Later Mr. Carter did not meet Vladimir Bukovsky (left) after all.*

No grand plan

With Jimmy Carter, there is no guarantee that this will be the case. It must be said from the outset that there is no grand Carter plan for the world, concocted perhaps inside David Rockefeller's foreign policy think-tank—the Trilateral Commission—whose importance has been greatly overrated, but which nonetheless boasts Mr. Carter and at least a dozen members of the new administration as graduates. In some areas, American policy may be quite conventional, in the Middle East, for example, and possibly Africa. In dealings with Europe, the new President seems anxious to put co-operation and consultation on a firmer footing. In other areas, unconventional methods may be used. Mr. Carter has said often enough that he does not know all the answers to the problems of the world, and there is no *reason* to disbelieve him.

However, five weeks of office do point to certain key elements in both the style and substance of Jimmy Carter, which are not yet fully appreciated in the wider world, but which appear critical to any understanding of what he wants to achieve.

The first is that Mr. Carter has an almost religious belief in the virtues of open Government. In his view, he appointed the best he could find to his Government and sees no point in muffling them once they assume office. He encourages Mr. Andrew Young, his United Nations ambassador — sometimes known as the new unguided missile — to be outspoken has has no objection to the State Department dissociating itself from Mr. Young's opinions, because this stirs public debate and is therefore healthy, even though liable to *misinterpretation in the world*, and controversy theme about Mr. Carter's sense of direction. No cabinet member has yet been disciplined for stepping out of line, because there is no line to cleave to.

The feeling is somewhat infectious. The regular daily State Department briefings, traditionally *the epitome of bureaucratic* defensivness, have taken on a new note, with officials actually volunteering opinions and ideas. It is true that Mr. Carter abandoned the idea of opening Cabinet meetings to Press coverage and preferred to draw a veil over the latest allegations of CIA bribery (of which he was not a part), but this should not detract from his commitment to open Government.

In foreign policy, this has induced changes in the way decisions are taken. The National Security Council, for example, has now assumed much greater significance because its membership has been widened: The Treasury now makes a positive contribution to its meetings, as does Mr. Young, when the occasion demands, and also Vice President Mondale, whose authority in this administration is not to be underestimated. Nobody has privileged access to the Presidential ear: Mr. Zbigniew Brzezinski, the National Security Adviser, briefs the President every morning, and Mr. Cyrus Vance, the Secretary of State, makes a point of talking to him at least once a day. There is no suggestion that any official—with the possible exception of Mr. Hamilton Jordan on domestic policy—is even remotely approaching the role of guru to the President, as Dr. Kissinger was to both Mr. Nixon and Mr. Ford.

The explanation for this seems simple. In an administration with a better than average collection of intellects and egos, Jimmy Carter is dwarfed by nobody. Much was made in the election campaign of his apparently quick and eclectic intelligence, but even the most seasoned Washington veterans have been impressed in the last five weeks by the easy command he has displayed over the widest variety of issues. His first Press conference, remarkable for its detailed dissertation on the parameters of strategic arms talks with Russia, had even his critics purring with admiration. Whether they agree with him or not, State Department officials in particular are very conscious of the active interest taken by the White House in their affairs.

Religious beliefs

And this is the second key to understanding the Carter philosophy. Although a man of seemingly countless words, he does not use them idly. Perhaps because of his deeply held religious beliefs, he is accustomed to meaning what he says—and there is no area in which his commitment is more profound than it is to the cause of human rights. This is a fundamental belief. His experiences in the American Deep South, helping to forge a considerable and largely peaceful revolution, seem to have taught him that there is nothing counterproductive in speaking out on civil liberties. Unless or until his experience tells him otherwise, he will continue to support the cause of civil liberties.

Intriguingly, this does not mean that he believes that American society is a model which other nations should copy, as was sometimes the case in the similar semi-Messianic early days of John Kennedy's Government. It was typical that at his first Press conference, he not only broadened the scope of his comments on international human rights but also observed that the United States, though a signatory to the Helsinki Agreement, had a less than perfect record of living up to its goals. Later in the week, the State Department announced it was reviewing the procedures under which certain foreigners, considered politically undesirable, were denied entry into the U.S.

It is appreciated that this is a high-risk policy. What worked in Selma, Alabama, might have the effect of increasing Soviet repression of dissidents, or sacrificing a SALT agreement, or driving the Afrikaaners back into their laager. However, the evidence is that the Administration is very carefully weighing the consequences of its actions on human rights. Mr. Brzezinski, in a recent interview with Mr. James Reston of the *New York Times*, after the release of Mr. Carter's personal letter to Dr. Sakharov, said that there "was nothing inadvertent" about the letter. It had been thoroughly thrashed out in the National Security Council and he advanced the following rationale: "Imagine the President of the United States, who, *on his Inauguration Day, speaks* of his dedication to human rights, receiving a letter from a Nobel Peace Prize winner residing in, say, Chile or South *Korea. Would* he ignore it? I think the answer's clearly no. So after due reflection the President wrote him back a private letter — very general, restating in very general terms his concern for human rights, not *pointed at any particular* nation. . . . Not to be released by the U.S. It was considered that Dr. Sakharov might release it (no restrictions were placed by the President on this point). The alternative was to make a public response, which would have been far more pointed and provocative. Another possibility was not to respond at all, which, if you consider the circumstances, was scarcely reasonable."

At the same time as the Russians were indignantly reacting to what they considered unwarranted interference in their internal affairs, Mr. Brzezinski went on, quiet negotiations with Mr. Dobrynin, the ambassador here, were proceeding on the control of nuclear and other arms. Mr. Vance is due to go to Moscow in a month's time and there is no suggestion yet that he will be unwelcome.

The Carter view, therefore, is that the Kissinger concept of "linkage" is dead. This stated *that the U.S. might refrain from* raising certain issues, such as civil liberties, on the understanding there would be concessions on other fronts, such as arms control. The U.S., of course, cannot now afford to be *seen to be backing* down in the face of Russian protests and revert to linkage again. It may temper its remarks somewhat and it may be significant that neither Mr. Carter nor Mr. Mondale personally saw Mr. *Bukovsky, the Russian dissident,* when he was in Washington last week at a time when emotions were at their touchiest. But the principle remains: subjects must be dealt with separately and on their own merits.

The principle, however, can be tempered by other factors. Last week the U.S. cut its aid to Uruguay, Argentina and Ethiopia as a mark of disapproval of the abridgment of human *rights*. But Mr. Vance argued very strongly that South Korea should escape such sanctions because of the complex balancing strategic and tactical factors. There was, Mr. Vance said, simply no formula that could be universally applied to solve the human rights problem, though it would have to become a much weightier factor in U.S. deliberations.

The reverse side of the coin of the commitment to human rights is the apparently non-ideological attitude towards the threat of Communism. On the *basis of the* thin evidence to date, it seems clear that the Carter Administration, Mr. Brzezinski's presence in it notwithstanding, tends not to see the world divided into segments in which the U.S. must compete with the forces of Communism. This is particularly obvious in Africa and in *American attitudes towards the Cuban presence. Although* Mr. Carter has said that normalisation of relations with Cuba would require Cuban withdrawal from Angola (just as Dr. Castro's prerequisite is the lifting of the U.S. trade embargo), both side have intimated willingness to talk on other matters of mutual interest.

Elements of style

There are other beliefs which are *firmly* held: a determination tot control the spread of nuclear technology which might be adapted for military purposes (as West Germany is discovering in connection with its Brazilian contract); a profound *distaste* for the international arms trade (hence no "concussion" bombs to Israel, or General Electric-powered Israeli KFIR jets to Ecuador, or, so far, anything other than transport aircraft to President Numeiry); and critically, a conviction that a strategic arms limitation agreement with the Soviet Union is both attainable and necessary.

These, it must be stressed, are only some elements of style and substance, as seen from Washington. They may be considered noble or naive, subtle or bone-headed. *They* may change over time and events: even President Idi Amin of Uganda could influence them. But unless or until Jimmy Carter discovers that they do not work, the rest of the world *may* have to get *used to them*.

MEN AND MATTERS

The West Pier fuss goes on

The redoubtable band of campaigners behind the long fight to save Brighton's West Pier scored something of a victory in the High Court yesterday when they managed, at least temporarily, to frustrate the efforts of the company which owns the town's famous Victorian landmark from going into liquidation.

The pier was built in 1864 by Eugenius Birch, regarded as the doyen of pier engineers, and has always, it seems, been surrounded by controversy. Although names like Sir John Betjeman, Julian Amery and John Bratby are now trying to extend its somewhat shaky life, a fuss of equal proportions broke out when it was revealed that the local council was to spend £21,890 on its erection. When the actual cost turned out to be nearer £30,000 (ah, inflation!), there was uproar.

Money is again at the centre of the latest controversy, with the current owners — Brighton West Pier Company, *in* which AVP Industries has a 97 per cent. shareholding — saying the pier *has no commercial future*, and local residents and amenity groups claiming that the town cannot afford to lose it.

The company purchased the pier, among the oldest of the 55 left standing in the U.K., from Prince *Littler* and Tom Arnold in 1965 and announced plans to revitalise it, but problems began at once. The structure, is not only Grade Two listed for preservation but stands in an area of the town also subject to protection.

Harold Poster, chairman of AVP, sought permission from Brighton Corporation to demolish the southern end of the pier and to concentrate on making *the remaining structure* commercially viable. The cost of modernisation has been a major cause of disagreement, with views varying wildly. The "Save the Pier" campaigners put the current cost at over £1.5m.

Poster's proposals were rejected by the corporation, on which AVP promptly served a purchase notice, suggesting that as it could not make the pier pay as it stood, perhaps the *local authority* would care to try. The confrontation ultimately led to a public inquiry which resolved nothing because the Inspector's findings—*in* favour of AVP's scheme—were not fully accepted by the Minister. Eventually AVP agreed to sell the pier to the Corporation for £1 and offered £250,000 to help with its restoration. The Corporation declined.

Since then, a London builder, Marc Turner, has put forward plans to buy and develop the pier but AVP has been reluctant to deal with him. It has however dropped a stipulation that any purchaser would have to show he had £2m. in the *bank and says it is now* content to let the council decide on any potential developer's financial standing.

But the latest twist came when AVP announced its intention to put the pier company into liquidation, which would considerably lessen the chances of the pier's survival. *Yesterday's High Court* postponement will, it is hoped, give Turner time to put his proposals forward and the campaigners time to convince AVP it should sell.

Nippon gunny-bag

Technological assistance comes in many shapes and sizes and from a bewildering variety of sources but for sheer imagination the Nippon Gunny-Bag Popularisation Association takes some beating.

Let's put it this way, how would you set about popularising a gunny-bag? The Japanese way is to bow gently in the face of rising labour and other costs at home and export the know-how to neighbouring, lower wage, South East Asian countries on the understanding that Japan would then import the finished bag. You may well ask what a gunny-bag is. It is used *mainly* for stockpiling or storing rice. Now the Japanese Ministry of Agriculture has agreed to use imported bags for this purpose and that has given the green light for the Association to switch production overseas. Simple when you know how.

Trust in HM

You may recall the vogue several years ago among some unit trust operators for launching trusts devoted to a single activity—*investing* in, say, export-oriented companies only, or in those concerned with motorway building.

Even in those optimistic days gone by, the idea was scorned by big and established operators who saw the perils of gimmickry. So it is only with tongue in cheek that executives at Barclays Unicorn, *presumably* taking a few moments off from worrying about the progress of the FT Index, jotted down a few days ago suitable investments for a mythical trust with a topical theme.

Their list included British Assets, Coronation Syndicate, Court Brothers, Crown House, *Empire* Stores, First Castle, Imperial Group, Prince of Wales Hotel, Royal Insurance, Royal Sovereign Pencil, and St. George Assets. You probably guessed: all that hint of royalty with a dash or two of patriotism can only mean shares with a Jubilee flavour.

Having kindly sent me the list, a Barclays man said he would be making periodic checks as Jubilee year went by, and would probably monitor performance two years hence. Perhaps the shares concerned will do outstandingly well and open up a new discipline in investment analysis.

Computer scrambler

When ICI recently found itself short of a few computer tapes from its Dutch operation and then had them offered back at a price, the lid was opened on a whole world of potential maybem. Now the U.S. oil corporation Amoco claims that it has been hit by a similar case. The corporation has accused one of its former research officers in America of absconding with company gas and oil exploration secrets worth millions of dollars and of programming their computer to forget what he had taught it.

What the computer has allegedly been trained to forget are the details of ten years *research* and *analysis* concerning underground data taken from logs of oil and gas wells. Now Amoco is seeking a temporary restraining order from a Tulsa court to prevent the former employee from disclosing his information to other companies or from operating privately with the technology and know-how.

Enthusiastic

From a New York bookseller's catalogue: "First ed., published in Bombay: Oriental Sex Practice (spine damaged, appendix torn)."

Observer

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FINANCIAL TIMES SURVEY

Tuesday March 1 1977

U.S. Financial Markets

As the leading capitalist economy in the world, the U.S. has been attracting large amounts of foreign investment. But although the economic outlook is good, there are growing social pressures which may create problems in the longer term.

A new burst of health

By Stewart Fleming
New York Correspondent

FROM SOME points of view the U.S. business community has reason to feel smug. If it is to take the judgments of outsiders as a guide, its home market is perhaps the healthiest and most stable capitalist economy in the world.

This judgment is reflected in the surge of foreign direct investment in corporations and equipment into the U.S. over the past two years, in the $14bn. which Middle Eastern oil States have placed on deposits with U.S. banks in spite of adverse publicity, and in the $3bn. and more which these same nations have invested in U.S. Ordinary shares in the past two years. Over half of this money came in during 1976 in spite of the unexciting performance of the stock market.

Many U.S. business executives undoubtedly share their foreign competitors' view of the U.S. at this time. Several multinational companies, ranging from motor industry to the oil industry, have trimmed their capital spending abroad and there have been strong indications that business is less aggressive in its overseas expansion than it was.

As executives look out across the Atlantic Ocean, for example, they see political movements in places like Italy and Britain which they suspect are alien and responsible for the poor economic performance of these countries.

When they turn to the balance sheets of some foreign subsidiaries, they are still frequently looking at depressed profits, and when they look at their own balance sheets some major companies see very large foreign exchange losses. International Telephone and Telegraph, for example, lost almost $90m. on foreign exchange and a similar amount over the two previous years combined. No wonder therefore that many American businessmen are happier committing more funds domestically for the time being.

It is always reassuring to have others say you are looking fit and healthy, especially if you get the same sort of feeling looking in the mirror. The mirror is telling U.S. businessmen that double-digit inflation, which scared them and consumers two years ago, has gone, even if some fear it will reappear. With it has gone double-digit interest rates for corporations who want to borrow.

Highly-rated companies have been able to raise money for 30 years and more at close to 8 per cent. over the past year. This convenient state of affairs has put the banker back where he belongs—as a provider of short term capital, not a long term source of capital, which looks cheap against the current rate of inflation, and which is what the banks were in 1973-74.

Even the banks are probably not too displeased about this, although they are getting uneasy waiting for an upturn in borrowing demand from good quality corporate customers who have been repaying debt for close to two years, or at least not expanding their borrowing from banks. The banks are wondering how much longer foreign lending and consumer lending can keep their profits moving.

Objective

But from an objective view bankers concede that corporate balance sheets are healthier for their reduced dependence on short term debt.

If balance sheets are stronger, so too, outside some major companies in basic industries like steel and chemicals, are corporate profits—up about 28 per cent. in 1976 and with many economists forecasting a 15 per cent. gain for 1977.

Economic growth in 1977 is also forecast in the 5-6 per cent. range, compared with 6 per cent. real growth last year, and similar numbers are widely forecast for inflation again.

Looked at from the standpoint of these major economic indicators, it is a happy tale.

But there are some long-term anxieties which macro-economic numbers do not really explain. Against this sort of economic picture one might have expected highly liquid businesses to be spending heavily on new investment. There is not much sign of this and the bad winter will not have helped finance directors come to firm investment decisions, unless it is to invest in auxilliary energy plant. Fear of inflation is perhaps one explanation of the weak capital investment indicators, but not a completely convincing one when you hear executives congratulating themselves on installing new plant four or five years ago before the inflationary boom made new equipment that much more expensive.

Some leading oil company executives will tell you that many Americans are still living in an economic dream, one which they feel the country can no longer afford. President Carter has talked about belt tightening and Governor Jerry Brown of California—his major contender for the Democratic nomination last year in the later stages of the race—is also perceived to be an advocate of the politics of conservation. But the truth is that there are few signs of such views commending themselves to the average voter.

Sales of big cars, which just about achieve double digit miles per gallon, have boomed over the past year. The motor companies have meanwhile given millions of dollars away to try to persuade consumers to reduce their bloated stocks of unwanted economy vehicles. Some estimates suggest that Americans are so wasteful of energy that perhaps half the oil import bill could comfortably be eliminated by conservation alone.

While the President can call conservation the root of his energy policy, there are many who will argue that he will not achieve it without a fight. Most Americans will have to have conservation thrust down their throats.

What form the fight will take remains as unknown as many of the new President's political attitudes. Wall Street got a shock earlier this year when the President mentioned, in the context of energy controls and higher energy prices, excess profits controls as a possibility too. Oil share prices nosedived.

There is widespread agreement that to import 40 per cent. of oil needs from potentially volatile overseas sources is unacceptable. But when it comes to policies to tackle the problem, many of the prospective solutions have a disturbing whiff of inflation about them, as well as the smell of further Government interference in industry, and not just the oil industry.

Examined

Even when such obvious ways of easing the energy problem are examined—such as the rapid exploitation of huge coal deposits in the west—industry has come to realise that a high price will have to be paid to tap the resources.

Environmental groups are a powerful force opposing open cast strip mining. And if the President and Congress are to be taken at their word the Government too, will be pressing for expensive rehabilitation programmes when the mining machinery is pulled out.

The energy companies—to call them oil companies scarcely does justice to their coal, gas and uranium interests—find themselves at the centre of these and other social pressures.

Public suspicions of big business have been focused into proposals to split the energy companies into smaller units either to make them more competitive, or responsive, or efficient, depending on the point of view.

But there are indications from members of the new administration, including the new Attorney-General Mr. Griffin Bell, that anti-trust action and particularly action against price fixing is a high priority for the new Administration.

While these are some of the social and economic pressures the business community faces, they are not the only ones. The labour movement has been growling more threateningly too. If as is a strong possibility, the progressive United Auto Workers rejoin the American Federation of Labour-Congress of Industrial Organisations (AFL-CIO), industry will face a united labour movement again.

To a degree, labour's moves may reflect changing leadership in a whole range of unions. Certainly, labour is bent on making good one omission from the past—the failure to unionise in the south. That area is now the fastest growing economic region and cheap, non-unionised labour is one of the forces taking industry and jobs away from the industrial north-east where the unions' members are mostly located.

It is not primarily in the scale of union wage demands that labour is flexing its muscles — indeed given the trend of wages over the past few years claims have been comparatively modest. But new ideas to cope with what the unions see as new problems are spreading.

The United Auto Workers last year pressed for and obtained one form of "job security" — a substatnial increase in days off per year which was aimed at increasing industry employment levels. Some economists see that breakthrough as a form of featherbedding which will make industry less productive if it spreads.

Security

Now another big union, the United Steelworkers, is seeking another form of job security—a guaranteed number of working hours per week for working life for its members with length of service qualifications.

In the past U.S. industry has been able to cut its coat according to the stage of the economic cycle—for example, laying off thousands of workers when business is slack, as the motor industry did during the last recession. The sort of job security the steel workers are looking for may make this more difficult.

The issue which lies behind the job security negotiations is unemployment, and with close to 7m. (7.3 per cent.) unemployed it is only to be expected that unions will seek to protect members. But a subsidiary issue, and just as important, is who is responsible for the unemployed. Is it only the Federal and State Governments' job to help these people and how should it be done—with unemployment benefit, job training, relocation, or should private industry take better care of its own. It is an issue which goes to the roots of the role of big corporations in the country.

Similar questions are asked about the role of business in other areas. Is it sufficient for big business simply to move out of New York City, Buffalo, or Chicago, because it feels the urban environment no longer suits it and relocate itself and its tax revenue in the "sun belt."

In New York some corporations are certainly embarrassed enough about their social responsibilities in this area to be secretly running active welfare and education programmes at their own cost in the ghettos.

Mr. Henry Ford, Chairman of Ford, is not alone in questioning whether U.S. business is providing what the community wants. There are business leaders who argue that industry is in the process of working out a new relationship with the community, that the private sector will have to justify its role and that a slavish adherence to the market allocation of resources is not enough of a response to environmental and social pressures in a low growth economy with what appear to be increasingly finite resources.

There are others who argue at least as strongly that to surrender to thoughts like these is to deliver private capitalism into the hands of the Government.

Views on the economy more optimistic

THE BUSINESS community, as is its wont, naturally wanted the Republican, Gerald Ford, to win the Presidential Election in November, though the divisions in 1976 between Republicans and Democrats were more even than they normally are.

The reasons are not bard to find: although Mr. Ford, by doing in essence very little, appeared at one stage to be guiding the economy back to the path of sustainable growth, something went wrong just after the middle of the year and nobody, least of all the incumbent administration, seemed to knew why. The stock market went flat, business withdrew into its corporate shell and postponed the investment decisions it was due to make until 1977.

At the sama time, it became clear that the perennial bugbear of traditionally conservative businessmen, a free-spending progressive Democrat, was not going to visit itself on the country in the person of Jimmy Carter. It is true that businessmen, perhaps more than any other segment of the community, were afraid of a man of whom they knew so little: a conventional Democrat from the middla ground has, after all, invariably brought prosperity and Mr. Carter was a man without visibla parameters.

But the better known Mr. Carter became, the more the business community became reconciled to him. It was clear that a practising agribusinessman understood cash flows, budgets, tax and investment problems, and it became crystal clear both from his public statements and from the people whn formed his economic inner circla that, if he became President, Jimmy Carter was not the sort of man to try to manhandle the American economy off its steady path in to more rocky and uncertain territory.

Thus the reaction on Wall Street to Mr. Carter's election was negligible. At least, the prevailing wisdom said, new management might come up with an analysis for the "pause" that was besetting the economy and get things moving again. And when Mr. Carter, before taking office, announced that his Treasury Secretary was to be Mr. Michael Blumenthal, a bighly successful chief executive at Bendix, bis Budget Director, Mr. Bert Lance, a supposedly conservative Georgian banker, and his chairman of the Council of Economic Advisers Mr. Charles Schultze, whose experience and common sense was legendary, then the process of re-assurance was complete. The management of the economy, it was felt, was in competent hands and the presence of a Democratic Presideot for the first time in eight years would be sufficient to control wbat were perceived as the worst instincts of a Democratic Congress.

Confidence

That confidence, if naturally guarded, still persists a month after Mr. Carter has taken office. It had become evident after the election that the "pause" was a pbenomenon that seemed to be evaporating on its own. Although the final quarter of 1976 produced a pitiful 2/4 per cent growth in annual terms, mucb the lowest of the year, the key indicators pointing the way were getting better: industrial productioo, retail sales and consumer spending were all gearing up and there was the good chance that unemployment was heading down from its excessive 8 per cent range. Tha underlying rate of inflation, meanwhile, seemed to be bolding steady at about 6 per cent per annum.

In the ligbt of this, Mr. Carter's repeated statements around the Christmaa period that bia promised enconomic package would take into account future probable trends and not concentrate solaly on past defects were well taken. His package itself turned out to be relatively cautious—a $31bn. two-year programme, divided between jobs schemes and tax rebates, but with a little incentive for business thrown in the form of payroll tax credits and/or a temporary increase in the investmeot tax credit. Moreover Mr. Carter renewed his commitment to tax reform on a grand scale thns providing some consolation for those who were disappointed that the package did not contain permanent tax rate cots.

The prognosis for the economy on whicb the package was predicated was couched in language aod forecasts that were almost Republican in essence: the targets (real growth of about six per cent in 1977, cuts of about one par cent in the unemployment rate, and the contention that it was possible to balance the Federal Budget by 1980-81) were in themselves suitably modest. Mr. Carter's own weakness far hyperbole was suitably modified by the likes of Mr. Schultze and Mr. Blumenthal.

Two things, however, have in his first Press conference, the alterations seemed such that happened since then in the first instance the Congress, as is its prerogative, has started altering the package. To date, the changes have mostly been of a tecbnical nature. It is possible that the Congress will add the odd billion to the package, but, as the President intimated reasonable men could agree on. The second occurrence has been the weather, a savage winter tbat exacerbated natnral gas shnrtages. A number of liberals, most obviously on Capitol Hill, immediately questioned whether it was not already severe enough to render the economic stimulus inadequate: the tax rebate, for example, designed to inspire consumer spendiog which would in turn prompt business tn invest more in plant and equipment, was, it was argued, of no value since it would be needed to pay the sharply higher household fuel bills.

For its part, the Administration is sticking tn its belief that the economy can absorb the winter toll. The official forecast is that though first quarter growth will now be in the 3.5-4.5 per cent. range, as opposed to expectations of a percentage point more, the spring quarter sbould show a resumptinn of sustainable growth in the six per cent. range. There is concern ebout the inflationary impact of the winter, not so much because of the frosts in Florida aince citrus fruit were not in short supply but because of the drought in the far West, especially the southern California farmlands. Both wbolesale and consumer pricea began moving up disturbingly in January, even thougb the indices did not reflect the full effects of the weather.

The new Administratinn has also been trying to modify President Ford's final budget, which as has been expected bore all the signs of austerity. The projected Ford budget deficit for the 1977-78 fiscal year will probably rise by some $12-14bo. to the $57-61bn. range though this is nothing like as sharp an increase as some had feared: since Congress would almost certainly have added to the Ford budget irrespective of wbo inhabited the White House, the rise is more apparent than real.

Nonetheless there have heen the predictable, if muted growls, from Dr. Arthur Burns at the Federal Reserve, on the grounds that the country is still playing with the fires of inflation. Reluctantly, Dr. Burns did avow at Congressional hearings that much as be admired the way Mr. Carter had put together his stimulus package if it had been left to him hewould have done nothing aince the economy was recovering under its own steam. But the clash between Dr. Burns and the new Democratic Administration — seemingly very much on the cards last autumn when candidete Carter and Chairman Burns were engaging in preliminary sparring—has simply not materialised. Dr. Burns is being allowed to pursue his monetary policies of cautious, steady expansion without being harangued from the executive branch.

Co-operation

The prevailing mood emanating from the White House is patently one of co-operation. Mr. Carter's relations with Dr. Burns and the inordinate solicitousness with which he deals with Congress are the examples on the domestic economic front. Nobody is pretending that relationships will remain as cordial as they are now, particularly when Mr. Carter gets down to the ultra serious business of bureaucratic reform and the introduction of a comprehensive energy policy, both of which will strike deeply at any number of vested interests in Washington.

As the stnck market's performance in the last three months bears out, the country is still waiting to see what the new President will make of his job. From the limited point of view of the business community the early signs are not unfavourable, which is perhaps as mnch as either businessmen or indeed Mr. Carter himself would have expected after one month in office.

Jurek Martin
U.S. Editor

Population changes

THE UNITED STATES is now in the middle of one of the most significant population shifts in its history which has important implications not only for American industry but also for investnrs from overseas who consider putting money into the cnuntry and for the individual American States wbo are trying to parsuade them so to dn.

Since the War the country has seen several mass migrations. There was the ennrmous but largely unnnticed mnvement of whites from the South to the mid west and the northeast which prnvided a plentiful supply nf new labour as manufacturing industry expanded raoidly in the late 1940s and 1950s. Then there was the much mnre publicised movement nf many millions of blacks northwards, chiefly to the laree onrthern cities and tn Los Angeles and San Francisco. This prncess is believed tn be over nnw and it has left the centres nf many of America's larger cities with large and growing hlack populatinns. The influx nf blacks—and mnre recently Spanish speaking-Americans—has been nne of the reasons why whites have left the inner cities fnr the auburbs, althnugh by no means the only reason.

It has also been one of the reasons for the latest migration which involves a sbift towards the so called sunbelt—the states along the southern strip of the country whose populations bave been growing at a very fast rate in the past fifteen years. Florida, Texas, Louisiana, California, Arizona and other states in this sunbelt have all felt the effects of this southern migration and tha centre of gravity of the United States is slnwly but surely shifting away from the North East towards these states.

Their attraction is partly that they tend not tn have the enormous social problems that the large Eastern cities are—rather unsuccessfully—trying to grapple with at the moment. But beyond that they also promise good weather, lower state and city taxes, abundant and mucb cheaper land for expansion and, for employees, better and probably cbeaper hnuses.

It is no coincidence that this mnve to the South and the East which, if it cnntinues, will give these areas the edge over the North East well hefore the year 2000, has happened in the past fifteen years. For the migration has gone hand in band with the development of air conditioning which has made life possible during the humid summer months. Until air conditioning, summers in many of the sunbelt states were bot, humid and prnfnundly unattractive, but that problem bas now heen solved.

Until recently the South—and the sunbelt states—have had another attraction. The American labour movement has been slow to follow the movement of iodustries southwards and companies have beeo all to pleased not to have uoionised Southero plants. There is some argument about whether the fact that these factories have not been unionised has kept wage rates down, but it is true that the unions—particularly the United Automobile Workers—are now making a concerted push for new members in the South as they watch their membership slowly eroding in the North. The first signs are that this membership drive is being successful.

The sunbelt states have been anxious to attract new industry and so also have those at the so-called crossroad of the country. Missouri, for instance, which is promoting Kansas City as the logical place to open a new plant because it is at the centre of America, has opened a new trade promotion office in Dusseldorf. A number of Japanese and European companies bave moved distribution and manufacturing facilities to Kansas City—Toyota, for instance, has just chosen the city as a major distribution centre for its cars.

Crossroads

Dallas-Fort Worth also claims to be at the crossroads of the country and, with Texas one of the fastest growing of the sunbelt states, has deliberately planoed its airport to be so large and so attractive, that it would in time make the two cities a major hub of the transport network of the country, just as Chicago was in the days of the railways.

In the South, meanwhile, Atlanta is growing fast and both the city and the state of Georgia have been making intense efforts to attract new industry, domestic and foreign. In the past few years the city has attracted increasing amounts of foreign capital and foreign banks—one of the latest being Barclays—have opened branches there in recognition of the city's new-found preeminence.

The list of states trying to promote their attractions in and just above the sunbelt is a long one. Inevitably it also includes California which, for all its industrial muscle, is just beginning to be concerned that it too may be losing out in its competition for new investment. Industrialists have been complaining about the long time that it may take to get state approval for new projects and the state is currently examining ways to cut this down.

Also in Texas, Houston, a traditional rival with Dallas and Fort Worth, is growing fast and capitalising on its position as a major oil industry centre. The tremendous improvements

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Increase in foreign investment

DURING THE past year, two U.S. government departments have published the most up-to-date analyses of foreign direct and indirect investment in the United States now available. Both studies were sparked off by the same concerns.

In the wake of the oil price increase, following the last Middle East war, a wave of protectionism gripped the country. In 1974 the OPEC nations piled up close to $60bn. of surplus funds, and Americans began to worry whether the OPEC surpluses might be employed to build up substantial investments in U.S. business.

In the event, so far the studies make clear that OPEC funds have not been funnelled into the U.S. in the form of direct investment on any scale, although there has been a significant increase in portfolio investment in the past two years. Over this period, Middle Eastern investors have become the largest foreign buyers of U.S. common stocks.

Even so, the $14bn. which Middle Eastern and North African OPEC nations have on deposit with U.S. banks outweighs these countries' common stock investments. Indeed concern has been expressed about the concentration of OPEC funds in the six largest banks. Bankers tend to argue that they have taken account of the possible, but as they see it unlikely, withdrawal of these deposits in their management policies. They also say that their depositors are as concerned about the stability of the banking institutions with whom they place funds as management is.

So far as direct investment in U.S. industry and commerce by OPEC countries is concerned, the sums involved have been insignificant. The most controversial scheme, the proposed purchase by Iran of a substantial shareholding in Occidental Petroleum, never came to fruition. Analysts suggest that the OPEC countries, while they may have the financial resources, lack the experience and expertise needed to make a success of direct investment.

But if the spectre of Middle Eastern financiers taking control of important elements in U.S. industry is not substantiated by the surveys, it is nevertheless clear that there has been a marked increase in recent years in foreign direct investment into the country.

In the 1950s and the 1960s one of the most significant world financial trends was the rapid expansion of U.S. industry (followed by U.S. bankers) around the world and the creation of the giant multinational corporations.

More recently, however, the pace of U.S. direct investment overseas has slowed and there are signs that U.S. companies are relying more on the organic growth of their foreign investments for overseas expansion.

By contrast, non-U.S. corporations and companies, particularly European, have raised the pace of their U.S. growth. Thus, according to the Commerce Department study, foreign direct investment in the U.S. (defined as equity plus net loans and retained earnings) stood at around $15bn. in 1972, but by the end of 1975 the figure had risen to nearer $27bn.

Factors

Among the factors which explain the trend are the realignment of currencies and differing inflation rates during the 1970s which have led to the U.S. no longer being a significantly higher labour cost economy than Europe. European companies have also been attracted by the strength of the U.S. economy and its size, by the political stability they perceive in the U.S. and, in terms of acquisitions, by relatively depressed U.S. stock prices.

By any account the impact of this direct investment in global terms is small on the U.S. economy with foreign-owned business accounting for less than 2 per cent. of private sector, non-farm wages, and less than 3 per cent. of gross private non-residential investment.

In certain industries, foreign corporations have had a significant impact however—the tyre industry is a good example. The French Michelin company is in the process of building a significant market share in this sector.

Foreign investors have not, by and large, been able to draw on the huge U.S. capital markets for a high proportion of finance, if you exclude the big oil companies. They tend to rely on loans from their parent companies.

One question which arises from this sudden spurt of foreign investment into the U.S. is whether the change of gear is a long term trend or a cyclical development. Mr. Werner Gundlach, head of Chase Manhattan Bank's foreign direct investment division, in New York, argues that the trend is most likely cyclical and that the current growth rate of foreign investment of 20 per cent. is unlikely to persist.

He points out for example that many of the major non-U.S. multinational corporations which feel they need a U.S. base, have now established one, and that companies coming in the future may be rather smaller.

He highlights the built-in hurdles which make the U.S. a tough market to operate in, and suggests that companies intending to compete with U.S. business need their own proven strength and industrial specialities if they are to succeed.

For these and other reasons, he suggests that the pace of foreign direct investment will slow towards the end of the decade, particularly if U.S. share prices recover from what are still historically low levels and make acquisitions more expensive.

It is, however, the recovery in share prices over the past two years which provides the most likely explanation of the sharp increase in indirect investment, particularly into ordinary shares, in the U.S. The bulk of foreign non-Governmental portfolio investment in this country is into common stocks, and historically, the pace has tended to increase as the stock market rises.

While private ownership of U.S. corporate bonds by foreigners at the end of 1975 was only about $8bn., foreigners held some 24bn. U.S. common stocks.

Foreign portfolio investment in total, including Government investments, at the end of 1974, totalled about $67bn. but by the end of 1976 the figure hed risen to close to $100bn.

Portfolio

In 1974, foreign portfolio investment, reflecting the stock market slump, was only about $540m. net, according to Federal Reserve figures. In 1975 the figure wes a record $4.6bn. with purchases totalling over $15.3bn. and sales, $10.6bn. Even in 1976, foreigners have invested net a further $2.5bn. in U.S. common stocks in spite of the faltering economy and stock market which led to net disinvestment by some European owners towards the end of the year. (Of the $24bn. total at the end of 1974 about $17bn. was owned in Europe.)

But perhaps the most interesting development of this two-year period has been the emergence of Middle Eastern investors as a major force among the foreign portfolio investors.

At the end of 1974, Treasury studies suggested that Middle Eastern OPEC countries owned only $518m. of U.S. equities. In 1975 they added $1.6bn. net and in 1976 around $1.7bn. at a time when other investors were cutting back their new commitments.

Overall, however, foreign portfolio investors control nnder 5 per cent. of the voting stock of U.S. corporations.

The Treasury study suggests that at the end of 1974, only 327 companies, in which the total portfolio foreign ownership exceeded 10 per cent. of outstanding voting stock, aud that the investments were mainly in the well-known large corporations whose shares ere popular with U.S. and foreign investors.

Stewart Fleming

Population

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in telecommunications, particularly the widespread use of "tied" telephone lines between company plants in various parts of the country, has helped the expansion of this city like many others in the area. With good air and telephone links available, actual geographical distance has come to mean much less than it once did.

So far, however, all this growth has not really challenged the pre-eminence of the North East as the financial centre of gravity of the country. Chicago, for instance, is now a major financial centre in its own right but it still has a long way to go before it overtakes New York. The power of the New York institutions remains formidable, but senior official's note that an increasing percentage of their business involves clients with headquarters outside the North East.

Not all foreign companies coming to the U.S. have found the lure of the sunbelt States irresistible. Volkswagen, for instance, was wooed exhaustively by a number of States before finally succumbing to the blandishments of the State of Pennsylvania and moving into an old Chrysler plant near Pittsburgh. Pennsylvania offered a wide range of financial incentives chiefly because of its interest in providing new job opportunities at the plant which is now being rapidly equipped to produce cars in the near future.

Financing

Volkswagen is to invest between $200m. and $250m. on its plant and has already received the first instalment of the State supervised financing package that finally tipped the scales in favour of Pennsylvania and away from Ohio, the main competitor. In October Volkswagen reported that it plans to start building cars in the spring of next year, some six months later than originally expected.

Although Volkswagen has been the most visible, it has by no means been the only European and Japanese company to expand its stake in the U.S. in the past two years. The German company, like many others, is well aware of the advantages of producing in the U.S.—labour is plentiful and probably cheaper than at home, and production using American-made components, reduces the problems, that rises in the value of the German mark have brought the company in its effort to keep prices competitive.

For all this, direct foreign investment in the U.S. remains much smaller than U.S. investment overseas. The latest estimates suggest that, overall, there is now about $25bn. worth of direct foreign investment in the U.S. compared with about $133bn. of U.S. investment abroad. However, the $25bn. figure has climbed some $10bn. in the past three years and is increasing rapidly. It does not, of course, include the largely unknown figure for indirect investments that may be held by Arab and other countries.

The latest figures suggest that many of the foreign companies coming to America have indeed shied away from the North-East and looked either to the sunbelt States or to the Midwest. Pennsylvania still offers the most attractive financing and other assistance and the States of the North-East and the upper Midwest have been fighting hard to regain ground lost to the South. But analysts say that foreign companies find the attraction of the sunbelt, for the most part, just as compelling as their American counterparts.

The attractions of the area may increase still further in years to come as energy costs become an increasingly expensive part of overall production costs. Some of the country's largest coal reserves are in the West but, much more important, the sunbelt will be the first area of the country—and much the most logical—to benefit from new developments in solar energy.

Solar energy is still in its infancy and much work remains to be done before it can be relied on as a fuel source. But in Texas and Georgia, to take only two States, there is growing optimism that by the year 2000 the technology may be advanced enough to supply perhaps 10 per cent. of energy requirements in these two States.

Equally, much of the country's natural gas is to be found in the sunbelt States particularly in Texas and offshore in the gulf. New reserves in Alaska and possible reserves off the North East will not come on stream for a long time and the gas, in any case, will cost more to find, exploit and transport than natural gas from the sunbelt States.

It may be, however, that the States of the sunbelt face more problems than they realise in the years ahead. High energy costs are going to drive up the cost of keeping cool in the summer, larger and larger cities are going to need larger and larger budgets, which means higher taxes. Wage rates will not for long remain lower than in the North and many of those now living in tight decaying Northern cities may be prepared to move again bringing with them some of the problems of the Northern cities.

Transport

Atlanta is building an underground railway system but Dallas and Houston still have very primitive public transport systems and a road network which is rapidly becoming too small for the rush hour traffic that it has to carry. Arizona, while still one of the wildest and most attractive States in the nation, is now having to cope with organised crime, urban sprawl and crooked land developers in record numbers.

Meanwhile, California and many other Western and South-Western States face an unprecedented water shortage this summer, caused by a drought that has now been going on for some 18 months. Without plentiful rainfall, which is not expected, there will be severe consequences for agriculture this summer and also water rationing in much of the area. "We have had droughts before, but there have never been so many people living here before," said one official.

Nevertheless, as the centre of gravity moves towards the sunbelt it must become an increasingly attractive place to locate or expand and, on present trends, America will seem a very different country in 50 years as a result of changes which are already beginning to have a profound effect on the nation's way of life.

David Bell

Arguments continue on central market plans

THE 18-MONTH-OLD National Market Advisory Board (NMAB) is now in a race against time. As part of its broad mandate from Congress and the Securities and Exchange Commission, the Board has been ordered to produce a comprehensive, definitive and workable plan for the creation of a single, centralised U.S. securities market by March 31, 1977.

With only a month to go, the betting now is that it will fail. The problem is that the Board comprises 15 hard-headed representatives from all walks of securities life and all of them have very strong and very different views about how exactly any central market should look. Although some common ground has been established, much still remains to be done and SEC officials now quietly admit that they no longer expect any consensus plan to emerge.

Although the mere idea of a central market is no longer quite as controversial as it once was, the debate over the issue continues to look somewhat like a messy incestuous squabble where power groups desperately do battle to protect self interests. This lack of enthusiasm for change on the street has brought the SEC under increasing pressure from Congress to speed things up with the direct result that the Agency has now made it clear that, if the NMAB fails to produce on time, it will dictate its own mandatory solution.

Serious discussions and pressures for a U.S. securities market have now been around for almost eight years, ever since the existing exchanges left themselves vulnerable to Government interference by failing to avert their back-office paper crisis in the late 1960s. Once this door was opened, the Federal agencies continued pushing on many fronts to improve the competitive nature and basic efficiencies of the industry.

As envisaged now by most planners, a U.S. central market in its simplest terms means little more than the linking through electronic computers of America's six existing major stock exchanges, plus the over-the-counter market, into some kind of highly competitive unit. Many now argue that one fanciful dream is now only years away from becoming reality.

Despite all the publicity given to the earlier, often heated, debates on the desirability of having a central market at all, the actual creation of one was only mentioned for the first time in legislation just over a year and a half ago in the Securities Act Amendments of 1975. This law ordered the SEC to establish a national market system but failed to spell out in any detail how the market should be created or set any timetable.

The Act simply noted that the securities markets are "an important national asset which must be preserved and strengthened." It added that "new data processing and communications techniques create the opportunity for more efficient and effective operations ... (while) ... the linking of all markets will foster efficiency and enhance competition."

Mandate

However visionary this prose, it was not originally and is not now much help to those who have actually had to get their hands dirty and their noses bloody working out the hotly-contested nitty-gritty details. Nevertheless, armed with this broad mandate and spurred on by subsequent Congressional criticism, the SEC turned the affair over to the NMAB and put pressure on the exchanges themselves to form yet another body, the National Market Association, to develop an industry approach to the central market.

Although the NMAB will almost certainly fail in its basic aim, it has at least succeeded in establishing clear working areas of agreement. After 16 monthly hearings across the country, each of two days, the Board reports widespread industry agreement that any national system should include —(1) a consolidated tape for reporting all share transactions on all exchanges—(2) a composite quote tape for reporting all pre-dealing buy and sell prices with size of blocks available—(3) a mechanism for clearing and settling transactions and (4) some other mechanism for protecting limit orders.

All this basic agreement on the core issues serves only to illustrate just how close the U.S. is already to having a central securities market. Of the basic points identified by the NMAB, one (the consolidated reporting tape) is already in place and working while numbers two and three in the list above are now very close indeed to becoming reality. This said, however, it has to be acknowledged that big problems and a fast and furious debate continue to block progress towards establishing a consolidated limit order book (CLOB).

Equipment for displaying and reporting all share transactions in NYSE-listed securities on all exchanges became fully operational in mid-1975 and, a year ago, a similar tape covering the American Stock Exchange and certain regional exchanges' shares followed suit. Since then, the National Association of Securities Dealers has made considerable progress towards launching a consolidated buy and sell price quote tape while two months ago, the SEC approved a merger of the three existing exchange share clearing houses.

Within this happy framework of steady progress towards creating a central market, the difficulties being encountered in setting up a CLOB stands out as one of the key remaining hurdles. Limit orders are those buy and sell orders held "in trust" by exchange floor specialists for actual execution at an unspecified date in the future at a pre-specified price. The specialists have the responsibility of executing limit orders *before* satisfying any big orders coming in later, but offering a more attractive big-block deal.

The catch is that limit orders constitute a very important slice. At the moment, each individual exchange has its own limit order book. In any true central market, however, there would have to be a consolidated book so that limit orders placed in Detroit could be executed in Miami if that was where the price hit the desired level first. It is extremely difficult to see how, given this, a true CLOB could be anything but a massive "black box" so beloved of the pure theorists who want computers to take over from the stock exchanges.

The catch is that limit orders constitute a very important slice of total U.S. trading activity and contribute almost certainly the biggest slice of the exchange specialists' income. The NYSE, America's principle stock exchange, gets over 80 per cent. of all limit orders placed across America and, by its own estimates, this accounts for about 50 per cent. of total trading activity. Thus, while the regional exchanges look on the concept of a CLOB with interest because it would divert NYSE business, the powerful New York Exchange itself views the whole idea less favourably.

Under its new chairman, William Batten, the NYSE has stopped threatening to challenge any move towards a central market "in the courts." But while the Exchange now quietly admits to supporting the "concept of a national market," there is still little doubt that it desperately wants a form of national market built round it as a cornerstone. This is totally understandable—the NYSE, as America's predominant trading market, has by far and away the most to lose from any central market.

The NYSE is still fighting, and indeed one of the prime reasons for the lack of progress towards agreement on a CLOB is that it is by necessity closely tied in with the SEC's push to repeal the Exchange's celebrated Rule 394 (since renumbered 390) which effectively prohibits all NYSE-member brokers from dealing in NYSE-listed securities on any other exchanges.

Protests

The NYSE protests for two reasons. First, its Board of directors is dominated by the specialists who quite rightly fear a loss of the major part of their business if a CLOB is installed and brokers are allowed to trade elsewhere. At the same time, and here less in its own self-interest, the NYSE argues that CLOB and repeal of Rule 390 together would destroy all incentive for brokers to be NYSE members, all business would go regional where costs are lower, and as a result the NYSE would be effectively destroyed.

There is in fact considerable merit in the argument that it is *stupid* to destroy the only large securities auction market in the U.S. (which incidentally remains the prime source of new equity capital for companies) at least until something else is in place, working and a proven substitute. Fundamentally, the NYSE is terrified that CLOB would be so successful that it would effectively replace the existing exchanges with a combination computer inter-broker trading market.

For all the current debate and speculation about a central market, the SEC has been working towards one for some time. The first key step was taken in May, 1975, when, after years of haggling, the agency ordered brokers to end all commission rate fixing in favour of variable discounts. Since then the agency has pushed for the consolidated trading and quote tapes, it has persuaded most exchanges to drop or at least modify their off-board trading restrictions and even succeeded in getting the NYSE and the American Stock Exchange to allow a cross-trading in each others securities.

It now remains to be seen exactly how and also how quickly the central market takes shape with options ranging between, at different ends of the scale, a NYSE dominate scheme and a pure computer-based black box. However one looks at it, though, a central and much more competitive securities market is inevitably going to mean some savings by brokers and considerably more choices of where to invest by investors. Although considerable uncertainties remain at this stage, not even the NYSE is that pessimistic. "We do not see a doomsday," one official said, "things will be tough for a while but we will adapt and survive."

Jay Palmer

The hustle and bustle of stockbrokers at work is the same worldwide. This is the floor of the New York Stock Exchange.

Brokers could face a trying time

EXXON AND New York City's Chemical Bank do not have that much in common and, whatever their other qualities, neither is best known for its financial daring and trail blazing. Nevertheless, during the course of 1976 both institutions managed in their different ways to add two more nightmares to the already long list of real and imaginary problems plaguing Wall Street.

Last autumn Exxon shocked the Street silly when it undertook a highly unorthodox and unprecedented method of raising new capital, although neither the size nor the type of the new debt — $55m. of pollution control bonds—was especially out of the ordinary. For the first time ever, a major U.S. company opted to bypass the market underwriters and sell its debt directly to the public.

Chemical Bank, at more or less the same time, started testing a new scheme whereby it could offer customers stock-broking services at many of its key branches at commission rates well below levels charged by most retail brokers. Funnelling orders from all its branches to one broker, the bank in effect aimed to use its muscle and clout to win especially low rates normally available to only the very largest of institutions.

As Wall Street saw it, both these moves represented just one more potentially dangerous encroachment on its domain by outsiders. To-day, it matters not to most brokers that no other company has yet copied Exxon and that Chemical Bank has shelved its plan—the important thing is that by trying they have established precedents. For Wall Street remains critically nervous about the future—the brokers by and large see themselves with their backs against the wall, fighting a losing battle for survival.

Heavy

Despite strong share prices, fairly heavy trading and generally excellent profit performances by most brokers in 1976, the industry's fears are by no means unfounded. The U.S. securities industry is in the middle of a period of turbulent change, the likes of which it has not seen for nearly 50 years, and its is not unrealistic to assume that conditions will change for the worse in the near future.

The beginning of the industry's current bout of jitters can be dated around May, 1975, when, after more than a decade of struggle, the Securities and Exchange Commission (SEC) finally ended the brokers' 183-year-old history of fixed price commissions and paved the way for a severe bout of cut-throat competition.

Within a matter of months of this critical change in the way trading operated, commissions on the biggest trades placed by the institutions—the life blood of a trading market that continues to be deserted by smaller investors—had dropped as much as 50 and 60 per cent. and the direct result of these slashed margins was a year-long wave of shotgun mergers and quiet closures.

Approach

Although to-day the industry appears on the surface to have learnt to live with cut commissions, there are many who take a doomsday approach and argue that the worst is yet to come. This gloomy prognosis suggests that quite a few other firms will probably be forced to cease trading and close their doors once the present period of high trading levels, high share prices and general profitability inevitably end ceases to cloak the continuing and perhaps fatal weakness in the industry.

The brokerage industry faces other and more immediate problems as well. New laws have recently entered the books which will force securities firms to divest themselves of profitable parts of their business by barring them from acting as both broker-traders and institutional investment advisors after May, 1978. They have also been bluntly told to get down into a huddle and devise their own plan for the creation of one central U.S. securities market or prepare for the SEC to do it for them on probably less favourable terms.

At the same time stock-brokers are clearly facing ever increasing competition as the investing public turns to such alternative investment options as commodities futures, equity options and most recently bonds and debt. The price of a membership seat on the New York Stock Exchange (NYSE), one measure of how the industry views its own future, is to-day not much more than a tenth of what it was seven years ago. Proposals to liberalise NYSE membership requirements and talks of a merger between the NYSE and the American Stock Exchange are further unsettling factors.

As if all this were not enough of a burden, the brokerage industry is now facing an unusual and certainly highly unpleasant experience of being a target for a major Justice Department anti-trust investigation. The Department, which with the SEC aims to make the entire industry much more competitive, is specifically looking to see if there is any evidence of illegal commission price-fixing.

In 1975 America's larger publicly quoted brokerage houses made record pre-tax profits of nearly $200m., an increase according to the Securities Industry Association of over $150m. on the dismal returns of 1974. Last year most managed to improve still further with Merrill Lynch, Bache, E. F. Hutton among the firms reporting record returns.

In practice, though, these very large firms have nearly always been diversified enough to be not truly representative of the real financial health of the industry. In the first three quarters of 1976, the 400-odd member firms of the NYSE turned in a combined net profit of $385.8m., an increase of 17 per cent. on the corresponding period of 1975. Nevertheless, it is worth remembering that even with this gain one out of every 10 firms still made a loss during the period.

Figures for the full 12 months of 1976 are not yet available but nevertheless it seems all but certain that the reporting NYSE firms will be able to show a strong collective gain on the total 1975 net return of $414.7m. and the depressing 1974 collective loss of $73.8m. Put most simply, the available evidence suggests that rising revenues will more than compensate for rising costs and cut margins.

While the exact figures differ considerably from firm to firm, the brokerage industry in the U.S. still gets by far and away the greatest slice of its profits from the commissions levied on equity trading. This accounts, according to most estimates, for 50 per cent. of the total at the very least, with the rest coming in small doses from in-house trading profits, new issue underwriting, bond and options commissions and diverse commodities activities.

The size of equity commissions in any given time span will depend largely on three factors. First is the strength and performance of share prices since rates are charged as a percentage of the total value of a given transaction; second, the level of volume trading, and finally the extent of ongoing rate discounting on the Street.

By most of these criteria, 1976 was a good, if not an excellent, year. After rising very sharply in the first few months of the year, share prices stabilised at historically high levels for the entire 12 months. Over the full period, Wall Street's Dow Jones Industrial Index rose nearly 17 per cent. with—perhaps most important to the retail-orientated houses—the more widely based indicators such as Standards and Poor's 500 going ahead even more strongly.

At the same time levels of trading on the NYSE and indeed, many other securities markets around the country soared to record levels. On the NYSE itself, the daily average trading volume in 1976 was an all-time peak of over 21m. shares compared with 18.6m. in 1975 and a mere 13.9m. in 1974.

The only black spot was that commission rate discounting continued to be heavy, with many institutions reporting costs to be running at less than half the levels that would have been in effect before May, 1975. Retail commission levels remained static—an important bonus given that most preliminary studies for the year now suggest that 1976 was a year when the institutions ceased accounting for an ever increasing slice of total transactions.

Redemption

Just as no one is yet suggesting that 1976 and 1977 will be the years of the small investor, it certainly remains true that last year was not a generally happy time for the U.S. mutual funds which, with relatively few exceptions, failed to perform that well against the indices and continued to suffer rather heavy redemption levels. Partly to bolster this apparent sagging popularity, the funds are now embarking on a wave of index plans (the creation of funds which exactly match key indicators and thus can never be outperformed) and moving into such new ideas as option funds and bond and municipal securities trusts.

Looking ahead to the rest of this year, the brokers could be in for a trying time. Even aside from the host of infrastructure problems, it looks as if profits are certain to be down on 1976 levels. Given current conditions, first quarter returns will compare badly to the boom period of the three months of 1976 and there are many who now suggest that the year as a whole will prove a critical period which in decades to come will be pointed to as the final crisis.

J.P.

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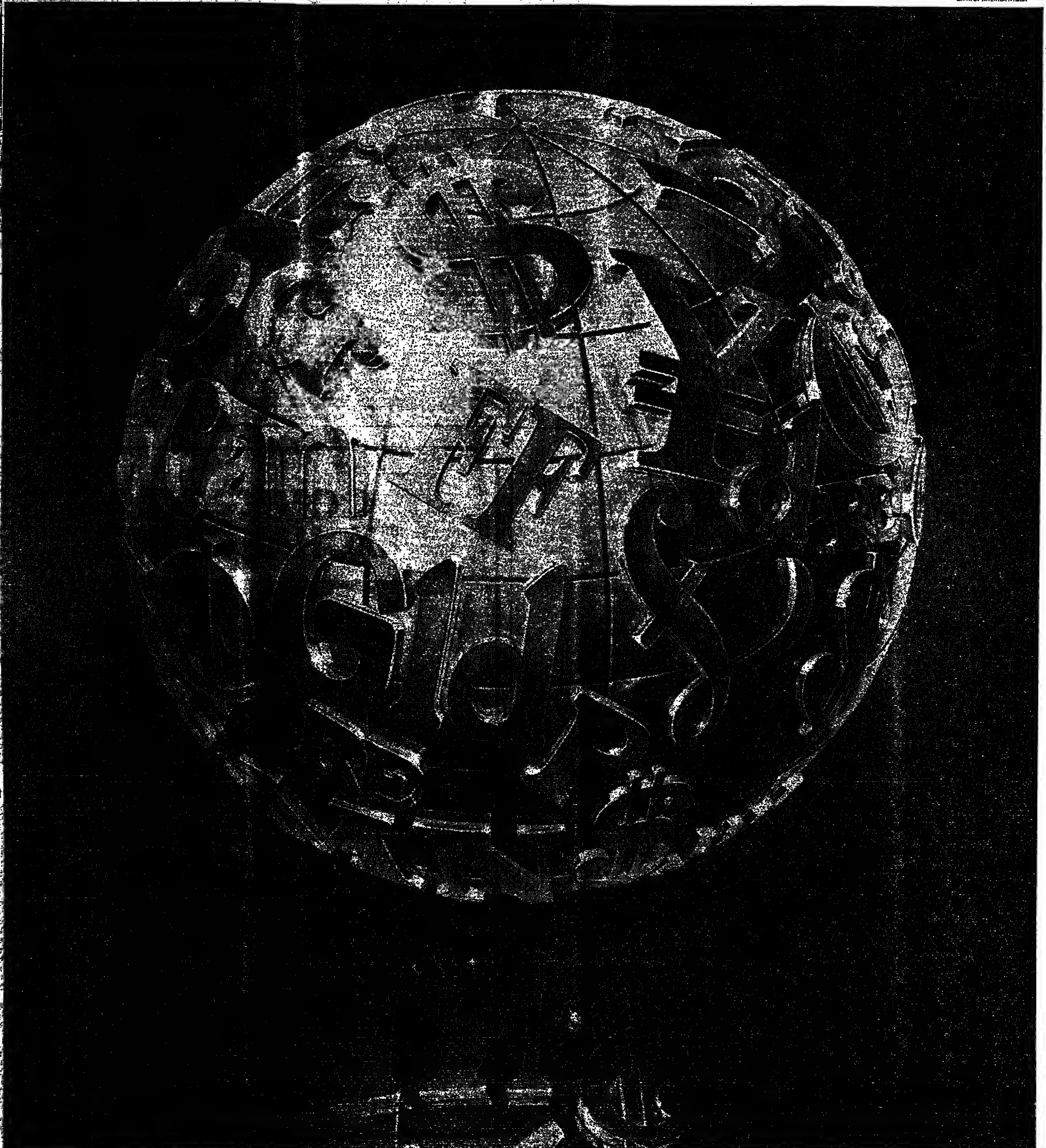


Bond market bounces back

FOR BOTH borrowers and lenders the New York houd market was one of the most profitable places to be during 1976. Investors not so many years ago were satisfied enough with the interest income from their funds and ignored the upward trend in interest rates since World War II which eroded capital values. But last year, against the background of a sharp decline in interest rates, the bond markets produced what Salomon Brothers decribed as a "stellar performance."

In terms of price cbanges plus interest income as a percentage of starting value, lhe total return on Long-term bonds rated A or better ranged from 15 to 30 per cent according to the investment bankers' calculations. These compared with rises nf 8 to 17 per cent in 1975.

Some of the lower rated industrial bonds whose credit ratings and bond values had heen tested by the preceding recession posted total rates of return of 45 per cent througbout Wall Street institutions profited from tbe improvement and some of the big commercial banks cited bond trading profits as one of the factors behind their healthier profits performance.

Fnr institutional investors the hond markets' performance must have seemed an extraordinarily fortuitous blessing. Dismayed as mucb by the volatility of Ordinary shares as by low yields, aod in the case of pension fund trustees under the influence of law, the institutions have, io some cases, been committing huge sums to the bond market.

Funds

In 1976 U.S. life assurance companies for example put over half their available lovestment funds into honds—a total of $12.5hn. While io total volume the life companies dominated the scene, in terms of the switch in priorities the private non-insured pensioo funds merit attention. In 1971 these institutions invested only $600m. of their net investment funds of $9.5hn. io honds. Last year the figure was $3.5bo. into honds out of a total of $11bn. and that figure for bood commitmeots was down $1bn. on 1975.

After the barsh times on Wall Street in 1974 the institutions must bave blessed their judgment, even if the preference for fixed income aecurities goes some way towards explaining way Ordinary share prices were unable to sustain a convincing rally outside the secondary issues.

Suggested

While investors have profited in the bond market, so too bave corporations. Dr. Henry Kaufman, a partner in Salomon Brothers and an authority on credit markets, bas suggested that the U.S. credit markets played an integral part in bringing the last economic boom under control. The downgrading of public credit ratings, be has suggested, was a key factor leading U.S. corporations over tbe past two years to restructure their balance sheets, issuing a record volume of debt and enlarged amounts of equity, and at tbe same time running down and repayiog bank borrowings.

The extent of this process can be measured in part by bond issues. Thus in 1975, non-financial corporations raised $27bo. through the issue of corporate bonds, according to a Bankers Trust aoalysis, and a further $24bn. in 1976. For the hest rated companies, oow 30 and 40 year issues were floated at betweeo 8 and 9 per cent., in tranches of over $100m. or more. Corporations who were less highly rated also hegan to gain freer access to bond markets towards the eod of 1975 and last year. In addition to raisiog long term finance, the corporate sector paid off $13bn. in commercial bank horrowings in 1975, and overall did not add to their bank deht in 1976.

This restructuring facilitated hy the hond markets has laid the foundations for the economic recovery. What is still missing from the equation is adequate new capital investment if the economic recovery is to be sustained.

While the hond markets have played a key role in the ecooomy their growing importance is changiog the structure of tbe markets themselves. To some extent this reflects the recognition on Wall Street that with profits from ordinary sbare dealing under pressure partly as a result of negotiated commisslon rules commended oo May 1, 1975, the bond markets reflect a new and profitable line of expansion. The mutual funds too bave recognised this by starting bond funds.

But some traders suggest that Wall Street has yet to catch up with the spectacular growth of tbe dealer-based bond market and that the market is still underdeveloped. This in turn makes for unusual price fluctuations.

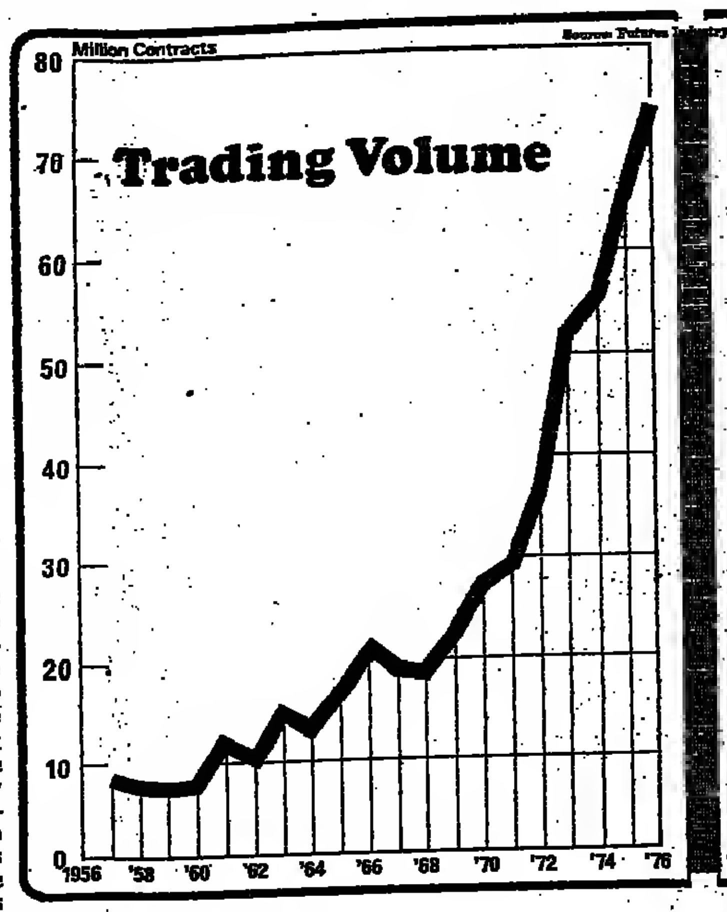
A good example of this is provided by events at the beginning of the year when investors suddenly withdrew from the market leaving dealers facing big losses as they reduced prices io an effort to stimulate businesa. In January prices for corporate boods fell in some cases up to aix poiots before the collapse petered out, and few analysts were ahle to reconcile this with aoy cbange in the economic fundamentals.

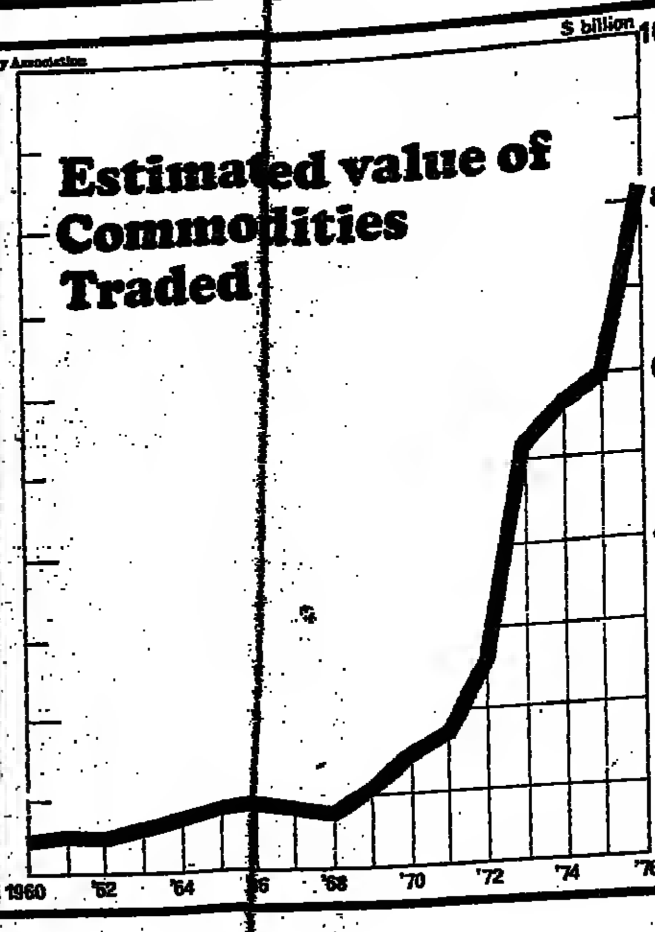
Municipal

If the corporate sector of the bond market is underdeveloped in some ways, this is even more true of the municipal sector. Bankers Trust estimated that some $18.6bo. of State and local bonds were issued last year, in spite of the anxieties about the condition of local finances. Some communities, New York City for example, are still unable to drink at this pool.

But if funds are available in the tax-exempt market, the secondary market is still imperfect, partly hecause of the difficulty of aoalysing local authority accounts aod the lack of an effective regulatory ageocy to protect muoicipal hood investors.

S.F.





Commodity trading hits a new high

THE PAUSE that dented the U.S. economic recovery last year went unnoticed on the natioo's commodity markets, where trading volume hit oew records. The prospects for 1977 are no less encouraging.

The 1976 record came in a year of market innovation, including the introductioo of interest rate contracts and of crisis, with the biggest default since commodity trading began in 1851.

Trading volume oo the 10 U.S. exchanges rose to a total of 36.88m. futures contracts—14½ per ceot. up oo 1975 and almost double the volume of 1972, according to the Futures Industry Association. The impressive growth and imagioative new features of the market have left the image of the more conservative investment media, including the country's stock exchanges, rather jaded.

U.S. Commodity tradiog centres lo Chicago, where last year the Chicago Board of Trade, the world's largest commodity exchange, handled about half the trading in the U.S. Here the new and successful Government National Mortgage Association (GNMA) cootracts, which allow hedging in long-term interest ratea, rub shoulders with Iced Broiler and Soyahean meal cootracts. The mortgage cootracts, each for $100,000, were introduced in October 1975 but really got uoder way last year with 128,568 contracts traded.

The interest rate cootracts illustrate the most remarkable development nn the U.S. markets in the past 10 years. Tbirty five commodities are traded, including corn, wheat, silver, gold, frozen orange juice aod plywood. Traditional futures contracts however have retained their popularity, with silver the largest single commodity traded last year.

The sharp rise in trading partly reflects increasingly tight supplies of many commodities world-wide and also the uopredictahle price swiogs as dealers in cash goods need to hedge against possihle losses. Although 1976 saw more stable prices than lo the early 1970s, when rising world inflation produced erratic swings, a few individual commodities had substantial moves including sharp falls io corn and wheat prices, soaring cocoa and coffee prices aod erratic gold price movemeots.

Among the more esoteric commodities traded on other U.S. markets are foreign currencies on the Chicago Mercantile Exchange's Internatioal Monetary Market. Last year's currency turbulence, for example, almost doubled ioterest in British poond contracts with 33,465 traded compared with 15,015 the previous year.

Floated

The Mexican Peso, floated at the end of August, produced the opportunity for huge profits—and the danger of losses—as it fell with a jolt in the few days after It was set free from its 22-year-old parity.

The IMM also iotroduced contracts in 90-day U.S. Treasury bills last year which took hold after a shaky start. From 3,576 contracts in Janoary, each for $1m., the market grew amid intense speculative interest to a total for 1976 of 110,223 contracts.

The contracts allow companies with large bill holdings to hedge against short-term interest rate swings much like the GNMA contracts do for long-term rates. The hefty interest in the bills futures also helped to boost the price of a seat on the IMM.

Mooey market instruments are one of the main prospects for future developments. The Board of Trade is considering commercial paper and loog-term Government bonds to further attract the speculators who make up an estimated half of all trading volume.

Commodities markets are regulated by the Commodities Futures Trading Commission which in 1975 replaced the weak Commodity and Exchange Authority. The Commission has muscle equal to the Securities and Exchange Commission which oversees securities trading, but had an unfortunate baptism last year wheo a huge potatoes contract default cast a giant cloud over the whole commodities trading business.

Major sellers failed to deliver a staggering $4.2m. worth of potatoes on the New York Mercantile Exchange and deprived huyers of nearly 50m. lbs of potatoes. In a world where trading margins, or the percentage of a contract price which has to he put up in cash, are very small, the loss of confidence threatened to uodermine the foundations of trading. However, most industry ... feel that now that the ... settled the industry has ... substantially unscathed alt... rules have been tightene... prevent a repetition.

The future for the mark... looks promising. The ma... event due this year is the int... duction of an options market... commodities. Some exchan... have already drawn up ru... covering this area where c... tracts give the right to buy ... sell a futures contract within ... specified time. Fears th... options could depress futu... trading appear unfounded w... the new medium expected ... most industry observers ... stimulate interest in the who... market. The first candidates f... options trading appear likely ... be GNMA's, Marks and Silver.

Electronic

Another development will b... a new joint exchange in New York where the Comex, Cotton, Coffee and Sugar and New York Mercantile Exchange will share sophisticated electronic dealing systems. The Cocoa Exchange, which moved into new building only a few years ago, i... modernising its quotation system.

A new options floor is al... being prepared in the new join... exchange in the World Trad... Center in New York.

On the regulatory front, th... CFTC is considering new rule... governing commodities tradin... including a tougher assessmen... of potential customers ... dealers, elimination of afte... hours trading and disclosure ... dealers of their costs and fee...

The industry is also planni... to set up a national futur... association which wou... regulate day-to-day trading.

Dealers who sell options ... U.S. customers since the be... ginning of the year have had ... register with the CFTC ... although most companies a... individuals have done ... initially to trade in options ... commodities futures in Londo...

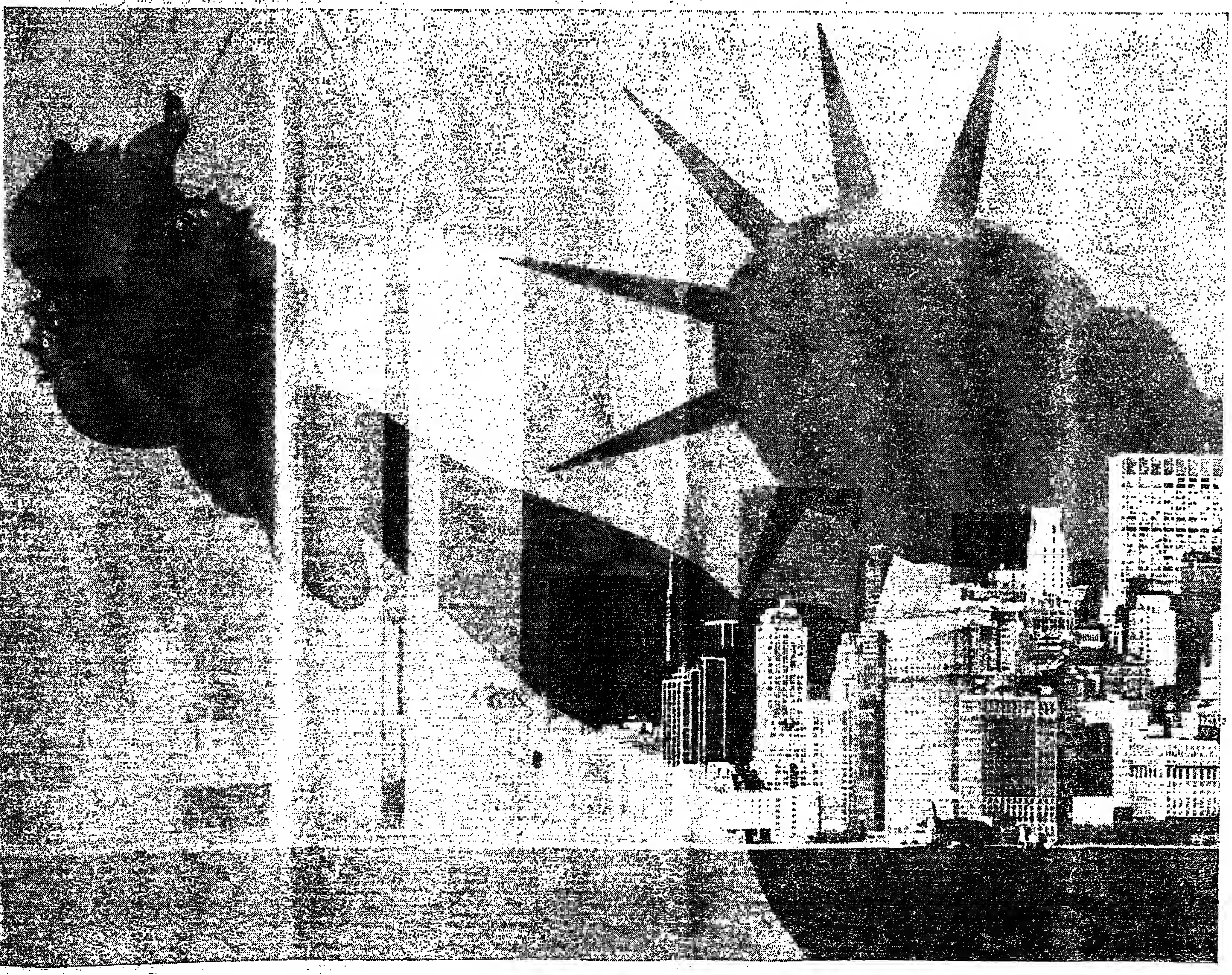
The broad outlook for com... modity prices is for relati... stability although the key ... many prices lies in the still ... clear economic policies of ... new Democratic administrati... of Jimmy Carter. The outlo... is also clouded by imponder... ables like the weather, ... illustrated by the unexpecte... frost which damaged crops ... Florida and drove up fro... orange juice prices.

The outlook for interest ra... contracts depends on the ... for the U.S. economic recov... and economists are becom... wary of forecasting the lon... term impact of the sev... winter.

The only relatively safe pr... diction is that the U.S. co... modity markets will rep... their performance of the ... eight years and break ... trading records in 1977.

Sam Sin...

هكذا من الاصل



Banks face up to their problems

WITH THE publication of their fourth quarter 1976 profits, there are now clear signs that the commercial banks of the U.S. are overcoming the problems of the 1974/1975 recession, problems generated in part by their own euphoria in the preceding boom.

But if the problems of the past are being overcome this is only clearing the way in the bankers' minds to face the problems of the future, for the role of the U.S. banks has been changed, both domestically and internationally, by their experiences over the past four years.

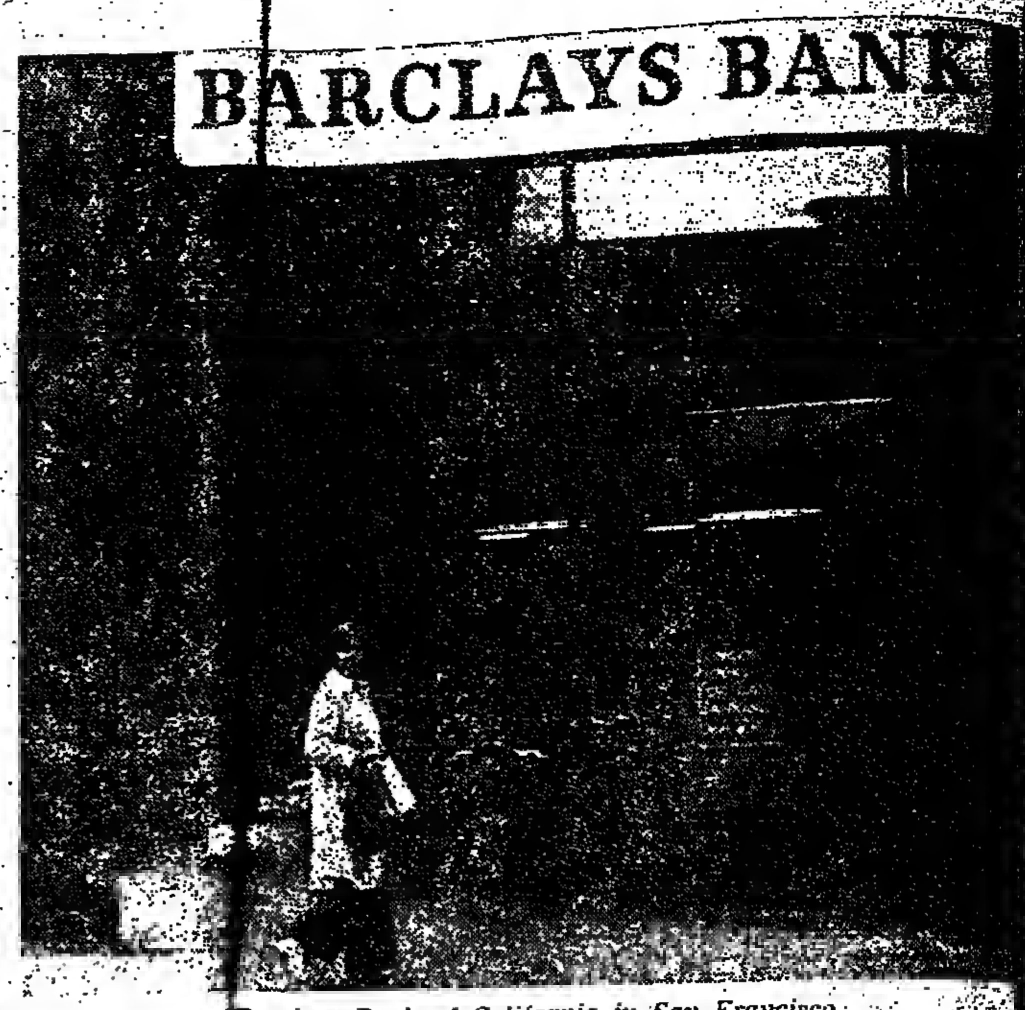
To some observers it is the resiliency the U.S. banking system has displayed throughout this period of adjustment to the aftermath of recession which is the impressive feature.

A leading dealer and analyst of bank shares, Mr. Morris Shapiro, wrote in his firm's December bank stock quarterly that the strengthened condition of U.S. banking then appearing "is remarkable in the context of the three-year period now ending."

His analysis cited a laundry list of problems which the banks had faced and were now coming to terms with. They ranged from the credit crisis of 1974, the banks' role in recycling surplus OPEC funds and real estate loan losses through the crisis of municipal credit—New York City is not alone in its problems—the "grim speculation" about the outlook for less developed countries, and the publicity following a few well-publicised big bank failures.

Some estimate of the impact which these problems have had on the commercial banking system can be gauged from stockbrokers' analyses of the banks' financial performance. In its analysis of the first 100 banks reporting 1976 profits, Mr. Shapiro points out that whereas the banks reported earnings growth of 14.8 per cent. in 1973, by 1976 the figure had shrunk to 5.4 per cent., a negligible increase in real terms. Moreover, from the third-quarter of 1975 right through the second quarter of 1976. The first 100 reporting banks recorded declines in quarterly earnings.

Explanations for the setbacks are varied, but the fact that federally insured banks put aside reserves against loan losses of $3.6bn. in 1975 speaks for itself. Loan losses reserves for 1976 are expected to be lower—indeed, for a number of banks including Citibank and Chase Manhattan lower provisions contributed to their much improved fourth-quarter 1976 earnings. Even so, the top 10 banks have reported loan loss reserves of $1.4bn. for last year.



Barclays Bank of California in San Francisco.

For the top 30 banks, loan loss provisions are only a tiny percentage (about 1 per cent.) of loans outstanding, but loan loss provisions have been a drag on the banks' ability to improve their capital bases either through retained earnings or through persuading shareholders to subscribe new funds and stronger capital bases will be needed if some leading banks are to cope with the demands which might face them in a sharp economic recovery.

Pressure

It is this pressure which is making banks particularly profit-conscious and careful to monitor their exposures and expense ratios.

What indications there are suggest, however, that the sort of sharp economic upturn which might embarrass some banks is not about to occur, not only because of the condition of the U.S. economy but also because of the banks' role in it.

Brokers Merrill Lynch, for might embarrass some banks is example, recently issued a circular arguing that the outlook for banking profits in 1977 would be subject to both continuing problem loans and doubts about growth.

It is this latter point which poses the banks a number of structural problems. The argument runs that more cautious business corporations—and they are pretty well all more cautious these days—will not be prepared to run up short-term bank debt as they did in 1972-1973 to meet financing needs, and will rely more on the long-term investment institutions as they did in 1975 and 1976.

In 1975 corporations actually repaid bank debt of some $13bn. and there was an overall increase in 1976. Such a significant change heralds a smaller role for commercial banks as financial institutions at a time when their expansion is contained in other directions too. Over the past five years the major money centre banks have relied for the bulk of their profits increases on overseas expansion which has taken banks such as Citibank and Manufacturers Hanover to depend on overseas earnings for half to threequarters of their profits.

But the growing controversy about the $40bn. to $50bn. which U.S. banks have advanced to less developed countries, coupled with the slower recovery from recession internationally and the pressure on interest rate spreads, suggests that banks will find the going harder, and may be unwilling to look overseas for such big profits growth.

Domestically too the banks are facing constraints. Banking law has restricted banks from opening branches in more than one State (there are a few exceptions) and this is [illegible] the money centre banks [illegible] York in particular from [illegible] growth through [illegible] expansion.

The McFadden Act [illegible] enshrines these statutory restrictions, is coming under increasing criticism and is [illegible] anachronistic in the [illegible] electronic banking [illegible]. Electronic terminals [illegible] allow customers to carry most banking [illegible] been declared to be [illegible] within the law, a particular [illegible] den for banks in cities [illegible] Chicago, where banks [illegible] allowed only one branch [illegible] the State of Illinois.

Congressional [illegible] are underway into the [illegible] of these laws and banks in North East which would [illegible] to move into the sun-belt [illegible] the south-west would like [illegible] see them changed. For [illegible] time being, however, they [illegible] boxed in. These inquiries [illegible] also likely to postpone any solving of the equally [illegible] versial issue of how to [illegible] the foreign banks which [illegible] continuing to come into [illegible] country. It is generally [illegible] that until a modern frame[illegible] for regulating U.S. banks [illegible] these matters can be [illegible] foreign bank rules will [illegible] wait.

Government powers under attack

LAST WEEK, the chairman of BanCal Tri-State, one of California's larger banks, firmly rejected a $130m. take-over bid by the Standard Chartered Bank of London with the stern warning that the British bid, if continued, could face "formidable obstacles" with the U.S. regulatory agencies and anti-trust authorities.

On the basis of historic evidence, this warning was no mild threat. Although Federal and State government here may not have the same degree of direct participation in industry as happens in Europe (the railroads being a prime exception), U.S. businessmen will claim that the U.S. authorities' indirect power and influence over companies and industries is certainly no less at the end of the day.

This becomes most obviously apparent in two ways. First, as many foreign and domestic companies have discovered to their cost, the best laid acquisition plans can be dramatically upset by hostile government intervention. The Justice Department, Federal Trade Commission, and even the State Attorney Generals wield immense anti-trust powers which can block or even reverse after the event deals that shareholders fully supported.

Monopolies

The anti-trust laws, of course, are not only used to block deals, but also to break up companies and industries which the authorities deem to be so large as to be monopolistic. The dissolution of the oil companies at the beginning of this century is a prime example and the Justice Department now has numerous studies going, including a look at the securities industry and the car makers to name but two. It also has suits going designed to break up such corporate giants as IBM and American Telephone and Telegraph.

At the same time, and perhaps in a much more subtle way, the Federal regulatory agencies monitor almost to an Orwellian "big brother" degree the health and practices of many key industries. They set standards and fees, approve route changes and mergers and generally become deeply involved. Although often accused of protecting the industries they are meant to regulate, the agencies can often be powerful forces for reform and change.

The best known of America's regulatory agencies are probably the Securities and Exchange Commission (which covers brokers, stock exchanges and increasingly all financial matters to do with companies), the Federal Reserve and the Comptroller of the Currency (banks), the Maritime Commission (shipping), the Federal Communications Commission (broadcasting), the Civil Aeronautics Board (airlines) and the FTC (the watchdog of fair commerce and free enterprise).

The debate now is not so much whether or not the Government ought to have this power at all—most accept it as a necessary fact of life that will not diminish for all President Carter's promises on deregulation—but whether Government indirect power is increasing and, if so, whether it should be allowed to do so. On many fronts there is evidence that the anti-trust and regulatory authorities are now spreading their wings and covering more ground.

One prime example is the, as it happens unsuccessful, attempt by the FTC to block the proposed $700m. merger between Atlantic Richfield, the eighth largest U.S. oil company, and Anaconda, the third largest copper company, even before shareholders were to vote on the deal. However valid the FTC's arguments against the deal, this was the first time ever that it had gone to court to try and *block a merger* in advance and to many the move had the appearance of a precedent setting pre-emptive strike.

Examination

In a different context, there remains little doubt to-day that the recent well-publicised troubles of U.S. banks with bad loans and the subsequent large failures of the U.S. National Bank of San Diego and the Franklin National Bank of New York has inspired much tougher regulation of the banking industry. Federal bank examiners are being given more powers, there is an ever increasing demand for greater disclosures and there is the continuing debate about the need to merge the industry's regulatory agencies into one body.

Regulation may often be critically necessary but there are strong indications that it is not necessarily beneficial to the consumer. Excessive regulation of the airlines, a Government study showed last week, cost [illegible] industry an average of $2bn. a year, cash which [illegible] and passed on could have [illegible] fares by up to 50 per cent. [illegible] airlines, like shipping but like broadcasting and [illegible] ties industry, are [illegible] desperately to prevent the [illegible] latory umbrella from [illegible] lifted.

Perhaps the ultimate [illegible] of an agency expanding [illegible] power is the Securities and [illegible] change Commission. Over [illegible] last few years, while [illegible] immense pressure on [illegible] brokers and stock exch[illegible] prepare for a central s[illegible] ket, it has become in[illegible] moves to ban corporate [illegible] and police the activities of [illegible] porate lawyers and [illegible]. Although its efforts to [illegible] accountants to act as its [illegible] police force failed, it [illegible] lawsuits against accounta[illegible] failing to do their job [illegible] directly prompted a current [illegible] think of basic [illegible] objectives.

To many Americans, it [illegible] looks as if the Government [illegible] becoming more and more [illegible] volved in an increasing [illegible] of subjects. The authori[illegible] direct policies and [illegible] professional bodies, dictate [illegible] mergers and company [illegible] plans, rule on necessary [illegible] ditures for pollution co[illegible] even, in the case of the [illegible] spell out minimum [illegible] qualifications required [illegible] to write a private stock [illegible] report. While [illegible] be necessary, many [illegible] that things have gone [illegible]

Management rules to be relaxed

HE STOCK MARKET'S heroes : the 1960's go-go years were ievitably the flamboyant guningers — the professional ioney managers who promised ıd delivered fortunes to clients y choosing from among thouunds the dozen or so shares ıat would race ahead of the ıarket's averages. Those days re now gone just as surely as re the naive p/e ratios of over 0 awarded to a few companies ecause of their supposed ecession-proof growth prosects.

To-day, amid the still-growing ıvestor disenchantment with ıuities and disillusionment ıto managers' performance and gh fees, the industry is underping a period of immense and ırbulent change. In a new ood of conservatism aimed at ılting redemptions and meetg the provisions of the 1974 mployee Retirement Security ct (ERISA), managers are tching high-risk funds in vour of special situation trusts ealing in everything from taxee municipal bonds to Treaıry bills.

Last year, on the face of it, as not a bad one for Wall reet — the Dow Jones Indusial Index rose some 17 per nt., while the other, more presentative indices covering cood-tier stocks shot up bigher ll. But for the mutual funds, ıich once again on average iled noticeably even to match, alone better, the averages, it ıs a trying time.

The poor performance of the ıtual fund managers should t have come as much of a prise. Ever since 1972 (when ncidentally the industry for e first time in its history had redeem more shares than it ld), managers have on avere failed to beat the indices. er the last three years, cording to one study, the instry shows an asset increase only 10.2 per cent. compared nearly 11 per cent. for the andards and Poors' 500 index. Over the last 10 years, accordg to Becker Securities, the S. d P 500 index, allowing for reinvestment of dividends, has risen over 70 per cent. compared with the mutual fund average gain of under 60 per cent. A similar pattern crops up not only for the entire 1975-1976 bull market (60 per cent. v 52 per cent.) but also for preliminary studies for the first nine months of 1976 (20 per cent. v 18.5 per cent).

LEADING INSTITUTIONAL INVESTORS 1975
($m.)

	Total Assets managed	*Equity	Fixed Income
Prudential Insurance	23.2	5.2	17.1
Morgan Guaranty	22.0	15.7	3.3
Citibank	21.2	11.0	6.7
Metropolitan Life	19.6	2.1	15.4
Bankers Trust	18.9	11.2	6.7
Mellon Bank	11.1	N/A	N/A
Scudder Stevens and Clarke	10.0	5.0	3.1
U.S. Trust	9.8	6.0	*3.7
Equitable Life	9.7	2.6	6.4
Manufacturers Hanover	9.5	5.9	3.3

* Includes cash and equivalents.
Source: Institutional Investor.

Almost certainly as a direct result of this terrible performance, investors have been cashing in their mutual funds at near-record rates. Net redemptions (that is the amount of managers' funds going out over money coming in) have soared since last spring hitting on occasion $315m. a month, enough to force the industry to sell securities to raise cash.

One fund manager noted wryly: "The market is not working. There is an understandable public disenchantment with equities and with us. Remember that between 1972 and 1974 the value of funds invested in equities by pension units fell $50bn.—an expensive lesson which investors can still claim we have not learnt today. Until we really begin to accept that the public no longer wants high-risk funds—at least while we cannot deliver high rewards—and produce more conservative trusts where rewards are predictable, we cannot prosper."

The funds are in fact latching on at an ever accelerating rate to new types of investment vehicles and, if the last 12 months are any guide, they are succeeding in attracting investors. Far and away the highest level of redemptions last year was seen in equity trusts, with many of the new vehicles (the industry estimates it has taken more than $3.5bn. of investors' money into over 40 money market trusts alone).

Opportunities

Investors have been offered opportunities to put money into tax-free municipal bonds, a number of different money market trusts specialising in Treasury bills and other short-term securities and, of course, company bonds. Other gimmicks such as no-load funds have flourished as well, but generally one point stands out—investors have been eager to spread risks and buy securities offering predictable if low returns as part of a general move to investment conservatism.

Even if it is not entirely applicable to small investor type mutual funds, one reason for this conservatism is clearly the growing impact of ERISA. Although fully 24 months old, this law is now having a dramatic effect. It says that pension funds (and by implication all institutionally managed funds) must be diversified—a ruling interpreted to mean an increased commitment to fixed income. It also, and here is the rub, states categorically that pension fund managers (by implication all managers) are personally liable and legally vulnerable for "imprudent management." The definition of imprudent has not yet been tested in the courts but managers are switching out of second tier stocks to blue chips while speeding up a wide diversification.

Although the mutual fund may have had a bad year operationally, it did find that it had a friend in Washington. Early last year the Securities and Exchange Commission ruled on a planned relaxation of several key areas, giving more freedom to managers. These are still under consideration but it seems likely that the industry will soon be able to advertise more freely, sign reciprocal sales practices with brokers, and not be forced to sell shares to the public at uniform prices.

Throughout the trials and problems of the past year, the mutual funds and especially the money managers have remained constantly aware that May 1978 will mark a turning point in their industry. Under recently passed laws, as from that date brokers will not be able to act as both trader-dealers and institutional money managers. Already one large broker, Goldman Sachs, has shed its money management activities and others will shortly have to follow suit.

Early this year the New York Stock Exchange issued a report indicating that for the first time in years the share of trading done by institutions had fallen very slightly to 57 per cent. In previous years institutions, as opposed to private investors, have accounted for well over 60 per cent. of all trading on the NYSE.

J.P.

Option trading grows fast

PTIONS ARE fast becoming establishment investment ehicle.

The right to buy common ock at a fixed price by a rtain date is being traded on e stock exchanges across the ation, and finally the New ork Stock Exchange has ıccumbed. The big board ants a piece of the action in e fastest growing segment of e securities business. Either will push through a merger ith the American Stock xchange, which is a major ctor in options, or begin aking markets in the options its 20-30 most active stocks ter in the year.

Acceptance of the role of tions is growing. The Chicago ard of Options Exchange ded an average daily volume contracts last year equivalent 8.5m. shares of common ck, a 50 per cent. gain over 75.

Options are increasingly beg used by sophisticated inves s to hedge common stock sitions and limit risk. While ey put a ceiling on the upside tential profit, the strategy has en effective in recent neutral down stock markets. Finan l institutions are starting to ble at writing options to add ra income to their investnt performance. And corrate officers are slowly ning to understand that tions trading adds liquidity to market for their common ge.

Still, there is a high degree of pticism about options. The lividual buyer of options efits from leverage in a bull rket, but he is paying high nmissions and is at the mercy volatile price movements. ere is widespread belief that y the writer of options at premiums is making money. e revelation last year of ony trades on the AMEX d CBOE suggests that irreguities are apt to occur in new rkets. Also, some economists lieve that the sharp increase options activity has drained ital away from small comies that need it badly.

There have been accusations NYSE specialists that the ume of options trading in icago is causing sharp moves underlying stocks. There is doubt that in the periods fore exercise dates come due, fessional traders are buying tions near parity and offering sell the equivalent stock, an ded factor on the sell side in soft markets. A study by the Securities and Exchange Commission on the interaction between stock and option prices is expected to show how they affect each other.

In a few weeks another study sponsored by the CBOE will argue that the options markets have not drawn money away from the new issues market, thought to be an alternative vehicle for speculative money. It argues that options volume grew large only after the new issues business had been decimated by two bear markets in five years. There were only 34 new registrations of first stock offerings in 1976, and this argument will be a live one for some time.

Some claims for the options market seem grandiose. Roger Murray, a director of the CBOE, and thoughtful finance professor at the Columbia Graduate School of Business, thinks options "will improve the growth rate of the American economy by reducing the cost of equity capital."

Attractive

Murray believes that acceptance of options as an investment vehicle will make common stock more attractive. In the past two years there has been tremendous professional interest in trading the relative value of stock and options in institutional favourites like IBM, Kresge, Digital Equipment and Polaroid. Investors bought the common stock and sold the options when premiums were high, or reversed the positions when premiums were low and the stock market looked soft. Many market experts believe that perhaps half the volume in stocks like IBM is a function of the activity in options. Professor Murray claims the redistribution of IBM stock from the large banks to smaller institutions and individuals has been accomplished through options trading.

Since options have only been traded on stock exchanges since April, 1973, school is out on their overall impact on individual investor portfolios and performance. A survey by Louis Harris and Associates for the AMEX which finished last spring, showed that options buying accounted for about 6 per cent. of overall net worth including savings accounts, real estate and insurance.

But, Samuel Hayes, Harvard Graduate School of Business Professor, thinks the brokerage community is "overplaying" options, and that "the gambling instinct is being accommodated with overpriced options." Hayes maintains investors are getting a raw deal because of the high commission structure, and the tendency to turn over customers accounts speedily.

An understanding of the role options play is crucial at this point in financial history. The CBOE plans to broaden the use of options into other trading arenas like government securities where the object will be to obtain a hedge against the direction of interest rates. The AMEX has plans on the drawing board for options on precious metals and other trading vehicles.

Any day now the *SEC* is expected to approve trading in puts, the right to sell stock at a given price by a certain date. Puts will expand the number of opportunities for investment decision on the sell side of the market, and probably confuse all but the most sophisticated investors.

Congress has recognised the utilisation of options by passing legislation that allows tax exempt foundations to trade options without losing their exemption. Tax treatment has been changed, too, from ordinary income and loss to short term capital gain or loss.

NYSE member firms have been pressuring the exchange to jump in with both feet after three years of aloofness. After all, options are already a large profit centre for many firms that are trading for their own account on the CBOE and executing transactions for customers.

A merger with the AMEX makes the most sense. All options could be traded there, while common stocks are traded on the big board. But, there are many technicalities to iron out, and though the SEC may approve, the reaction from the Anti-Trust Division of the Justice Department may be negative. The two exchanges already compete on several common stocks, and there is potential competition in option trading.

Setting up trading in 125 options would cost the NYSE $65m. and take five years to accomplish. The brokers are greedy and will be happy to take the 25 most active stocks for option trading by the fall. Look out Chicago!

Robert Lenzner

Property on the mend

THE U.S. property markets are slowly emerging from a three year slump which cost the industry millions of dollars in bankruptcies, foreclosures and defaults. Real estate is now tentatively getting to its feet, but some observers feel it will be a different breed of animal from the pre-recession beast.

This is clearly reflected in the behaviour of the real estate investment trusts, long the *bête noire* of the industry. Originally designed to tap the resources of individual investors and pour them into an ebullient real estate market, the REITS grew at nearly an exponential rate in the early 1970s.

They were set up as a mutual fund for property investment, and like the mutual fund, they looked good on paper. In practice they have been a different story.

Real estate in general is a highly leveraged industry, and with the sudden influx of new funds and easy bank credit, most REITS rapidly over-extended themselves. When the bottom fell out of the property market and credit hacame tight it looked for a time as though the wbole sector might be faced with extinction. Many of them took steps to drop their REIT status—even such big and prestigious names as the $869m. Chase *Manhattan Mortgage and* Realty Trust bas received power from its shareholders to adopt non-REIT status and take advantage of more favourable tax options, available to companies on write-offs, but denied the REITS.

Non-earning

Many REITS now face recovery problems which may take as long as five or ten years to work out. Chase Manhattan Mortgage, managed by Cbase Maohattan Bank, faces a portfolio with 63 per cent. non-earning assets, but the percentages ruo as high as 80 to 90 per cent. of the portfolio for others. The question is whether or oot any of the REITS will ever reach the heights they did io the early 1970s.

Those which weathered the storm best and wbich have now resumed paying dividends, or managed to squeeze through the debacle without omitting a payment, are the small tightly-managed REITS with properties close to their home base. The REITS faced the same difficulties *which plagued housing* and commercial developers. The property markets are regional and are subject to local pressures and idiosyncrasies which often catch an outside developer off guard. Moreover, managing far-flung properties, once they are constructed, can present further complications.

For those who follow the industry, It is important to he sure that the managers and sponsors do not enrich themselves at the expense of the shareholders. This is often a thin line, and difficult to determine, for property needs careful maintenance in order to keep up its value. It is not enough to simply watch the bottom line on the books, but shoddy maintenance is seldom immediately evident.

If *therefore* one *is* looking for a carefree investment, REITS are not the answer. If one is willing to follow REIT activity as one would any share price tbere are some recovery prospects, althougb no one seems to feel that with current property *prospects* in general, the recovery will be other than modest to acceptable.

Housing

Taking tbe lead in the real estate market recovery is the housing industry, happily turniog its back on its worst period since the Great Depression. Mortgage money is now more generally available as savings flow back into the savings and loan associations (the U.S. equivalent of tbe building societies). A snrge of deposits in December of last year pusbed the net savings gain for the year to $34.38bn., a record level, and projections maintain that the savings level will continue strong through 1977, although it may he just under tbe 1976 high.

As a consequence, mortgage lending soared to $77.08bn. this year, 43 per cent. above the previous calendar-year high of $53.80bn. in 1975. Mortgage rates, which now hover In the 9 per cent. area, are expected to ease further.

Housing starts, the measure of the Industry's health, are supposed to reach 1.8m. units this year, up nearly 20 per cent. over last year's 1.5m. units and a level not seen since the early 1970s. Last year's modest performance was already 32 per cent. abead to 1975's low of 1.16m. units—the most depressed market in 30 years.

The continuing cloud on this otherwise brighl horizon is the question of soaring housing costs. Already the price of the average home has passed the $50,000 mark, well heyond tha reach of a majority of U.S. families. That means that a bouse which migbt have gone for $16,500 in 1962. might cost $48,000 now—and what a family might have purcbased on an annual income of $6,500 a year then, now demands earnings of $22,000 or better aonually.

While the cost of labour and materials has risen between 140 and 180 per cent. in the past 15 years, according to some estimates, it is tbe price of land, and the cost of borrowing money that rank as the big factors in higher production costs. Families feel an additional squeeze through the high cost of maintaining a home. Carrying *costs*—everything from fuel to electricity to the mortgage—have soared an estimated 340 per cent. in the same period. Some observers feel this is a socisl and economic time homb which the Government bas yet to deal *with*.

The slowest sector of the real estate market to gain momentum in its recovery is the construction of multi-family dwellings. Apartment builders complain that high mortgage interest rates—coupled with *soaring energy costs and* astronomical property taxes make it nearly impossible to guarantee an adequate return oo investment. Fear of rent controls further deflates bopes for this sector. Federal Reserve figures indicate that 14 per cent. of *the nation's population is* now under some form of rent control (most of this is in the North East), and builders fear this is spreading. Most now look to some form of government backed housing project to get apartment housing off the ground.

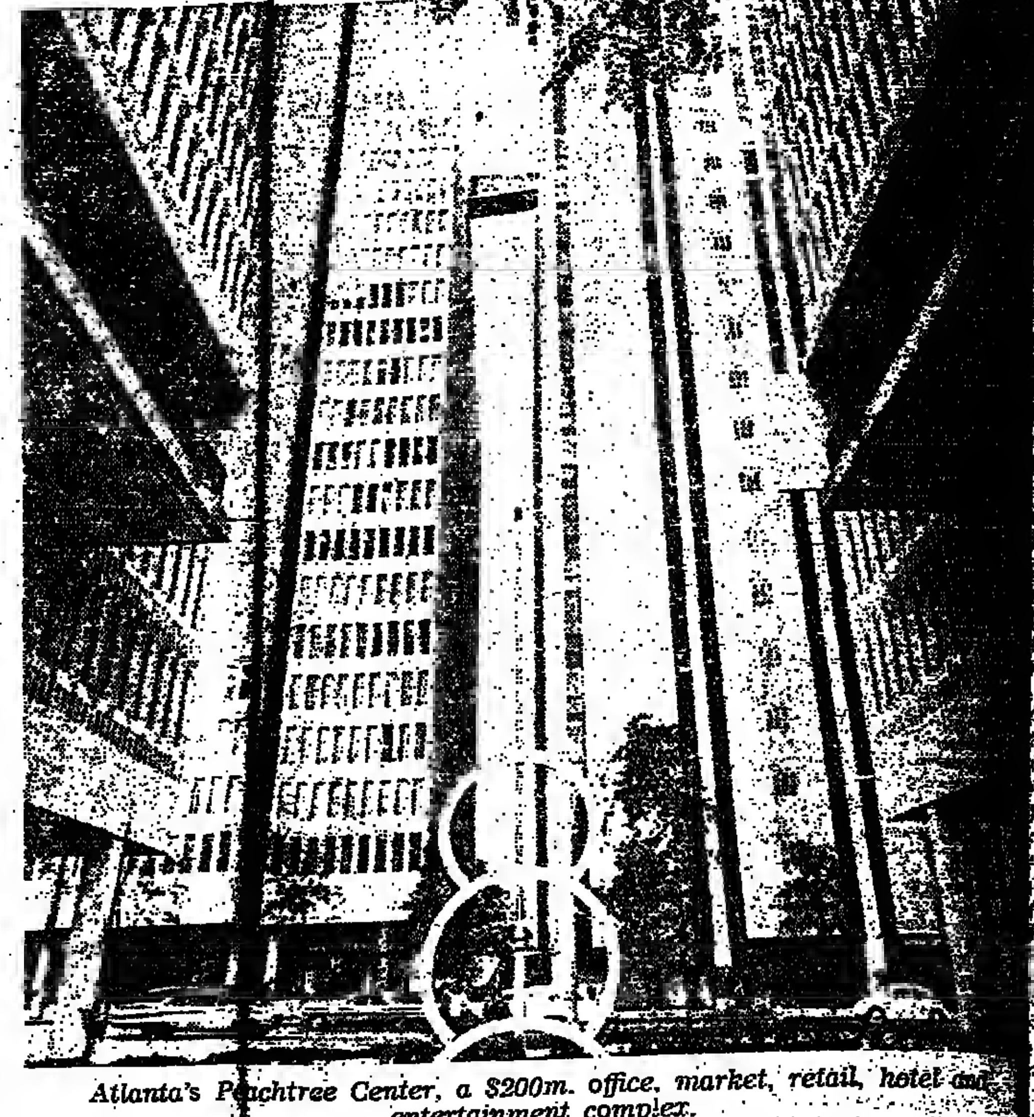
With some regional variations, shopping centres and office buildings are enjoying a comeback, with shopping centres generally in the lead (If they are in good locations). At present one of the strongest commercial bullding markets in the nation is Houston, Texas, due In good part to its relatively inexpensive land—prime land In Houston costs about $125 per square foot against $500 per square foot in New York, for example. Indeed, while cities like Boston struggle with a vacancy rate of nearly 50 per cent., Houston is still a tight market attracting a lot of foreign buyers.

Manhattan, one of the gloomiest pictures in the nation for a while, is now showing some bright spots. The mid-town area has recovered nicely, although the substantially over-built downtown area presents a depressing outlook into the indefinite future. As of January this year, overall office space available dropped to 23.2m. square feet, down 11 per cent. from last January, according to Cross and Brown, a New York commercial real estate company.

Finally, the Tax Reform Act of 1976 will have an effect oo real estate profits. There will he stiffer capital gains restrictions and a sbarp cut in the deductions for construction period interest and taxes, only half of which can now be deducted on non-residential buildings. The rest must be amortised.

All of this makes for a real estate market which will be a good deal calmer, more reticent and less likely to achieve the pre-recession euphoric highs—at least in the near term.

Candace Cuniberti



Atlanta's Peachtree Center, a $200m. office, market, retail, hotel and entertainment complex.

Art and antiques sales a bright spot

PRIVATE INVESTORS seeking to fiod some relief from the vacillating securities market bave been attracted by many forms of investment — and particularly last year by the art auctions. Whether the demand was from the Middle East billionaires, tax-exempt institutions, or tax-paying citizens with an eye for value, 1976 was a memorable year for the art market-place.

It was, for example, a very good year for vintage wines, rare stamps, antique firearms, war trophies and coins. The winners (includiog balf the categories in 1976) had hig gains. Rare stamps and top quality "old" material, normally stable in price, rose by 7 to 10 per cent. In New Orleans a block of four 1918 24-cent air mail "Inverts" went for $170,000 — the cost of half-a-dozen new Rolls-Royces. One category known as "portable" (jewellery, coins, stamps) fetched a total of $10m. In the autumn at Geneva and Zurich. The most striking sales were in Surrealist, Expressionist and some Abstractionist paintings.

But as the performance of some categories sbows, art markets can be just as volatile as financial investments. Declines were recorded in 1976 in snuffboxes, sculpture and Stradivarii. Once-prized English and French furniture saw prices for the year falling 85 per cent. below price levels of 1975, and even art nouveau prices dimmed a bit. As for snuffboxes, the money brought in was roughly half that for comparable items in 1975.

Leaning

Mr. Peter Wilson, chairman of Sotheby's, has noted "the new leaning on the part of the small collector" towards what could be called "unvaluable" items. These be suggested included what he called "collections of a kindred nature" and "artifacts of unknown use," such as keys, architectural drawings and plans. But he said they should by no means he considered "beneath contempt."

This "trend" is known in the U.S. as the collection of "trash art," the extremes being paper items from the original King Kong movie, comic books—now a big business (the 1932 Dick Tracy now sells at $60 for a copy in "mint" condition), and old cars, especially If previously owned by a silent movie star still making profits.

Like other investment markets there has been great specolation about the emergence of Middle East buyers. Precious stones have attracted them. The record for 1976 was a 24.44 carat pink diamond picked up for $1.1m. and shipped to Saudi Arabia. The areas in which Middle Easterners are strong are Oriental paintings and Persian miniatures, hut their influence is scarcely felt in the art markets. John Marion, president of Sotheby Parke Bernet in New York, said: "Apart from a few Iranians buying mostly art of their own past culture, rumours of a Middle East Invasion are 99 per cent. illusion."

New York dealers suggest that in terms of price trends there is little difference in the art market between New York and Europe. The market is a world nne and values stay the same whether in New York, Zurich or London. The way in whicb New York differs, however, is that prices tend to fluctuate more hecause of the higher proportion of private buyers.

But there are signs of the U.S. market becoming more important. One development is the arrival of Christies, whicb is opening a saleroom in Delmonico's Ballroom located at Park Avenue and 59th Street in New York. John Floyd, chairman of Christies in London, said: "Our decision to open an American saleroom is based on the rapidly growing art market in the U.S." and hopes tbat the market "will be larger and better as a result of their coming."

In what may prove to be a controversial decision the company has decided to charge 10 per cent. commission to the buyer in a market where there has previously heen no buyer's commission bnt the seller has had to pay a 20 per cent. commission. Christies says tbis action has been prompted by the success of recent sales In London (50 per cent. increase In business between 1975 and 1976) together with its claim that the commission will make New York competitive with other international art auctions. Traditionally in the U.S. rates paid by the seller begin at 20 per cent.

However, the growth of the market is still constrained by *availability of* finance—lack of which restricts the market to the wealtby individual. With art values relatively volatile hy bankers' standards, even loan financing for the purchase of an Old *Master* bas traditionally been difficult to arrange. Naturally anyone who is an excellent credit risk can get a loan to buy art or anything else. But unlike consumer loans wbere the object itself is considered collateral, the art borrower bas to be of *such good standing that* no security is necessary or If necessary it has to take some conventional form such as stocks or bonds.

Banks

There are now a few financiers (who in most cases happen to be art collectors as well) saying that a handful of banks around the country "have begun to engage in art financing on a systematic basis." Art financing has developed slowly, perhaps because the art and banking establishments have beeo wary of each other but also because certain art-business practices have lessened the need for bank credit. These practices include acceptance of works on consignment (which enable dealers to assemble inventories) and the willingness of dealers to extend credit with purchase payments over months or years.

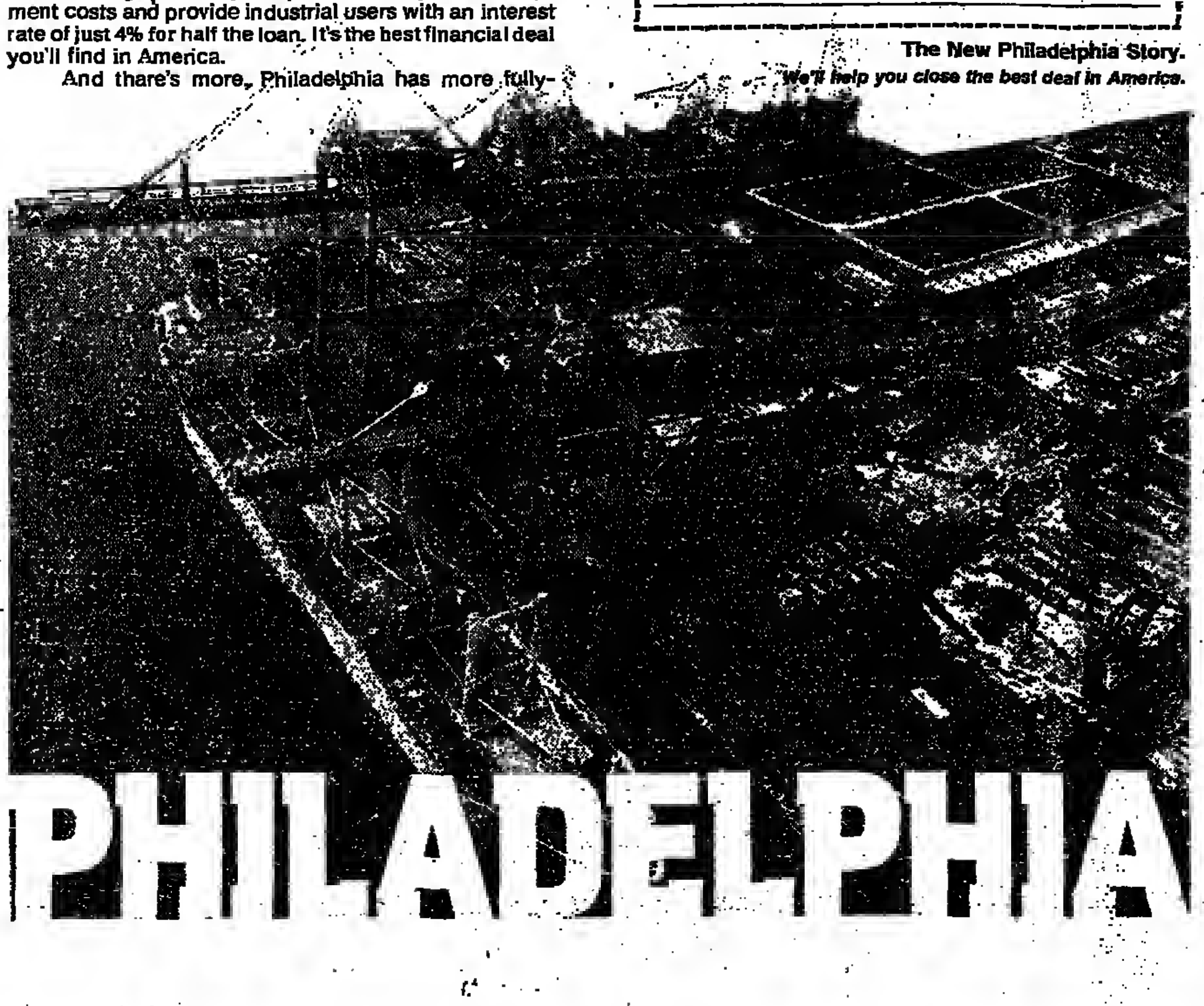
Probably the greatest impediment to art financing is the reluctance of bankers to make *loans* based on security which may fluctuate in value and which may be difficult to sell if the borrower defaults. Interest rates for such loans are extremely varied, ranging from 6.5 per cent. to 20 per cent.

Mr. Paul Riche, a vice president at Chase Manhattan Bank, regularly finances dealers. This practice, he admitted, is relatively new, beginning around 1974, but said that art financing in New *York is the same* as any other "big ticket" financing like the retail business, the fur trade and the diamond centre for which New York is famous. He says he has loaned "millions of dollars" but that the bank does not expect to make big profits because the number of art dealers is limited.

The latest Parke Bernet buyer survey shows that when there is confidence in the world economy there is strong buying in America, but when it is lacking there is strong buying in Enrope (some say memories of the Russian Revolution proved that jewellery, paintings and "portables" are more valuable than estates and stocks).

Tbe survey also shows American buyers rallying; they are staging a comeback in some of the most expensive areas of collecting. There also appears to be a steady reversal of the massive European buying trend which characterised the art market in the seventies, heralding once again American dominance of the market as in the fifties and sixties.

Caroline H



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SOCIETY TO-DAY: THE CIVIL SERVICE

BY JOE ROGALY

DHSS: the administrative nightmare

THE DEPARTMENT of Health and Social Security is an administrative nightmare. Consider this: in April the new Child Benefit scheme, which by then will have some 1,500 staff working on it in or near Washington New Town, Tyne and Wear, will replace the old Family Allowances scheme, which will still be employing around 1,400 staff in Newcastle. At the same time the 113 people working on Child Interim Benefit in Blackpool will be reduced to 60 or 70, who will send out payment books for Child Benefit Increases — the extra 50p that will be sent to one-parent families. They are all working directly on paying out subsidies for family support, but no single mind could have invented the complicated manner in which it is to be done.

The 290,000 single parents who have so far put in claims will certainly find it puzzling. One day the postman will come whistling up the path to deliver a package from Washington New Town. This will contain counterfoils that provide for a payment of £1 every week for their first-born. Quite separately, a package from Blackpool will plop through the letter-box. This will contain £2 counterfoils, each representing four 50p increases.

I could suggest a third letter, explaining that the "reason" for this procedure is that the Civil Service has failed to bring the necessary computer on stream in time, and that it expects to go on failing for at least two more years, but perhaps that would not be soothing enough.

This single instance is by no means isolated. It is typical of the Department of Health and Social Security, which stands out as a burning example of why we have so many publicly paid employees. If you count the 1m. NHS workers (and you certainly pay for them) there are at least 1.1m. people under the broad DHSS.

Approaching this tangle is one of the most prolonged tortures of frustration-by-bureaucracy, since two flat assertions, put together like bricks and mortar, serve to hide the entire machine behind a thick wall of complacency. The first and most maddening is the constant repetition of the catch-phrase "our work is demand-led" which is true to the extent that an increase in, say, unemployment leads to an increase in the number of supplementary benefit payments and therefore an increase in the amount of staff, but which begs the question of whether the manpower is efficiently used in the first place.

The second assertion, the mortar of their defence, is that "we are simply carrying out the wishes of Parliament"—which, again, is true to the extent that it implies that a large proportion of the muddle within which they work is the responsibility of successive Governments, but which hides the degree to which the past decisions of Governments have been influenced by the advice of the civil servants themselves.

Once again I must say that this is the personality of the machine, not of all of the individuals of which it is composed. The DHSS has followed the example of the Home Office last week and, at my suggestion, agreed that I should attribute the figures in the accompanying table to them — but the department is too large, and too bruised after years of attack from all sides, to have the self-confidence that in the case of the Home Office led to a genuinely detailed and open analysis of its headquarters staff.

It is also apparently held in thrall by its unions. The cuts announced last year should reduce the total DHSS complement by some 5,200 — or just over 5 per cent. — in 1978-79. The "demand-led" increase they expect will wipe most of this out, however, so that the present expectation is a genuine fall of only 2,000 to 2,500 on the 94,500 total shown in the table.

Well, then, let us look at whether "demand-led" really does justify it all.

Between 1966 and 1976 the staff working on supplementary benefit in local offices rose from 12,500 to 30,000—an increase of 140 per cent. The management increased faster than the staff of those local offices: it was 4.5 per cent. of the workforce in 1966 and 5.3 per cent. ten years later. Some do non-management work; some have been taken on to manage the new, larger, amalgamated offices.

Does this growing top layer do its work well? The number of claims for supplementary benefit has doubled over the period—a far lower rate of growth than the staff. The average number of people being paid at any one time is only 20 per cent. up, compared with that 140 per cent. more doing the paying.

"Greater complexity" is the official answer to this: half a million more payments for "exceptional circumstances"; a quadrupling of "exceptional needs" payments; a 320 per cent. increase—to 51,000—of appeals heard by tribunals. I am reminded of the official who demanded, and got, more staff for one case of "greater complexity" and found that the new work was so much more interesting than the old that productivity went up and he could have done with a lower complement than he started with.

"More benefits" is their third cry, which lays the blame on the politicians. In 1966 the departments that preceded the DHSS managed 11 main benefits; now the total is 19, including the special Old People's pension, Family Income Supplement, Mobility Allowance, and the like. There are also the one-off payments: the £10 Christmas bonuses in 1972, 1973 and 1974, and the butter and beef tokens of recent years.

There is, of course, truth in all these explanations of the growth in social security staff: there are more beneficiaries, calculations are more complicated, and the number of benefits is higher. But they do not add up to the impossibility of a cut of 5,000 in a total staff of going on for 100,000.

Some staff in regional offices certainly are heavily worked: any system with a 30,000-page code of instructions must be tiring. The present review of supplementary benefits is trying to find a simpler code; the fundamental question, however, is whether the bureaucratic preoccupation with detail that is at least partly to blame for such monstrosities can ever be vanquished.

Another bureaucratic attitude that, like Spiro Agnew, has been caught with the rules changing is the one that insists that "getting the job done on time" is of greater importance than doing it with economy. This is seen by a close look at Newcastle Central, an Orwellian complex of computers, file cards and rows of clerks that would be derided as fanciful if used as a film-set.

The details provided by officials up there show a mature regard for open Government. Since 1968 their total staff has grown from 10,199 to 13,579, most of it on 67 acres at Longbenton. Every acre is built over; tower blocks are now rising; the new computers are taking over from the old. Yet the "establishments" staff—looking after other civil servants—is up from 1,115 to 1,780 over the past nine years, faster than the total staff growth.

Data processing is up from 355 to 1,133 in post, and growing; one explanation is the politicians' changes from the Crossman pension scheme (abandoned) to the Keith Joseph scheme (abandoned) to the Castle scheme (modified). Pensions and national insurance now involve 43m. personal accounts and 11bn. characters on computer tape. The 1980 projection is 45m. accounts and 21bn. characters; for 1990 it is 47m. and 33bn.

These plans are all grand because getting the job done without the Minister being fussed in Parliament is still seen by some the most important route to promotion (although the day of the cost cutter may be on the way).

Perhaps this explains their attitude to Family Allowances. The clerks in low single-storey huts in Newcastle had no room to expand to take on Child Benefit (which will cover far more cases, being payable for the first child—unlike FAM). So they moved to new modern offices, with Flexitime and views of the greenery, at Washington New Town. The claims have not come in at the anticipated rate, so too many of the staff have too little to do; the fear now is a rush in April that might overstretch them.

Child Benefit was designed to be simpler to operate than Family Allowances, but it did not last. After October, for example, it will be paid to mothers of children in "further education" but not to mothers of children in "advanced education." Family Allowance depends on complicated decisions about custody; Child Benefit goes simply to the person with whom the child is living — but complications are already creeping in, for instance, to deal with foreign residents. Each complication adds a disproportionate number of bureaucrats.

There will be simplification—or at any rate more work for data processors in Washington New Town—when the new computer, in the building earmarked for Tax Credits is finally installed. The building is several football pitches big; they are still treating it for high alumina cement, so it is not quite ready yet. When it is they will need more van drivers to take the tapes to new office buildings . . .

Tomorrow: DHSS, Part Two—Health.

HEALTH AND SOCIAL SECURITY

The "civil servant" part of a 1.1m. empire

	1969	1970	1972	1974	1976	% change
Headquarters	6,870	7,183	7,834	7,318	7,697	+12
Of which:						
Management	2,622	2,767	2,760	2,926	2,896	+10.5
Finance	625	568	558	527	557	−10.9
Professionals	1,220	1,245	1,425	1,490	1,547	+26.8
Social Security	639	680	764	809	852	+33.3
Health and Personal Social Services	1,764	1,923	2,327*	1,766	1,845	+ 4.6
Social Security—regional	47,649	49,312	52,990	60,950	67,131	+40.9
Central offices:						
Newcastle upon Tyne	10,673	10,876	10,644	11,694	12,732	+19.3
North Fylde	2,134	2,074	2,352	3,589†	3,704	+73.6
Health Service units	2,273	2,370	2,714	2,953	3,231	+42.1
Total	69,599	71,815	76,534	86,704	94,495	+35.8

* Includes 230 staff from the transfer of the children's department from the Home Office in 1971.
† Includes transfer of Health and Personal Social Services from Headquarters in 1973.

Letters to the Editor

The financial institutions

From Mr. P. Franklin

Sir,—The existing role and influence of the financial institutions, as Lex rightly implied (February 14), is due more to historical accident than to some great design by Government or by the institutions. Nonetheless there are grounds for concern at the potential financial power they hold. As Lex pointed out, this may be effective in two interdependent ways: in "the channelling of savings in the best interests of the economy at large" and the volatility of share-prices as "the big funds attempt to trade large blocks in unison."

Neither of these features of the market environment, however, can be accepted as actually existing without reference to supporting evidence. While Lex noted the decline of the small investor, evidence regarding this decline is hardly exhaustive—as anybody leafing through the second Diamond Report will see. Similarly, though we may have evidence about the investment behaviour of the institutions, it is quite inadequate in indicating whether or not their investments are made "in the best interests of the economy at large."

Inadequate information about institutions' investment intentions, and about the "social" benefits of their investments, makes discussion of the future role of the institutions especially difficult to formulate. Indeed, this difficulty is exacerbated by the fact that no guiding model exists to show that the maximisation of policyholders' wealth is commensurate with the "best interests of the economy at large." Yet Lex has suggested three methods by which the institutions could change their role and influence. This is a brave attempt, but one which cannot go uncriticised, for each of his suggestions is based on implicit and explicit assumptions which, in the event, may not be acceptable or true.

In particular, he not only accepts the decline of the small investor as a datum, he assumes the decline to be reversible. But this may not be true: even if policies were enacted to enable the small investor to re-enter the market, there is no guarantee of his return. The existence of professionally managed funds (for example, unit trusts) and changing attitudes towards profit, risk and leisure may mean we cannot infer the decline of the small investor to be due solely to income disadvantages. The financial system, that is, may have to continue to live with a continuously increasing concentration of stock market power.

The implications of this, as rightly implied by Lex, are extensive. Any volatility in prices on the secondary-market may become to be seen as important only in so far as it affects the demand and supply of new capital issues. If that becomes the case, then the relationship between the market trading in the stock of existing Ordinary shares, and the flow of new funds will have to be re-thought, and possibly new mechanisms devised. The future form and role of financial institutions is therefore a matter of concern, and one which seems likely to be affected more by public debate and exhaustive consideration than by the extension of accidental forces.

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School of Business Studies,
City of London Polytechnic,
84, Moorgate, E.C.2.

Statistical problems

From Mr. A. Horsnall.

Sir,—I do not see how the Director of Statistics (February 25) is able to defend his assertion "that the amount of forward selling of foreign currencies by exporters is substantial."

His Under Secretary of State, in answer to a parliamentary question on February 9, said "80 per cent. of U.K. manufactured exports are invoiced in sterling." It must follow that only 20 per cent. are invoiced in foreign currencies on which the Bank of England would allow forward contract sales.

I estimate that no more than 2 per cent. to 4 per cent. of manufacturing exporters use the forward contract market compared with around 20 per cent. to 30 per cent. of importers. This imbalance is sufficiently large to indicate that balance of payment problems could rise and, in my judgment, have arisen.

Nobody doubts the immense statistical problems of recording financial transactions accurately in conditions where floating exchange rates and long time lags apply. I have already made a suggestion that the Bank of England may be in a position to reveal the proportion of forward contract business conducted by manufacturing and commerce out of a total forward contract business which is known to be on a substantially larger scale.—An important part of the difference between the two will be "swops" arranged by the market.

This matter needs thorough investigation as it appears that depreciating sterling has given a distorted and unfavourable view of U.K. output and inflation rates.

A. G. Horsnall.
25, Worship Street, E.C.2.

Arguments for independents

From Mr. C. Wyatt

Sir,—Towards the end of a very constructive comment on the bid by Babcock and Wilcox for Herbert Morris, Lombard (Geoffrey Owen, February 25) makes the point that there are social and political arguments why such companies should remain independent. He suggests that, this being the case, there should be an onus on the bidder to justify its move as being a positive gain to the public interest.

This is a proposal worth following up. Babcock's case to the Monopolies Commission was based on its ability to bring financial support, additional research and development and overseas representation to Morris. Such generosity cannot go unrewarded. Presumably the expectation is that with this help, and under Babcock management, Morris would grow even quicker.

But a look at Morris's recent record shows that it is not doing badly by itself—profits jumped by over 80 per cent. last year—and Babcock's management is certainly not underemployed, so perhaps the real reason lies elsewhere.

Size for the sake of size does not really enter the debate. The conclusion must be that Babcock is still intent on diluting its involvement in the politically-loaded power generation game, which dominated its activities at the start of the decade and is still proving a pain despite a massive programme of diversification.

Whether such reasoning, in the face of strong counters from existing management and workers, will produce a positive gain to the public interest is another matter. Personally I would doubt it and would be fascinated to see Babcock's aims described by its advisers in social accounting terms.

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All creatures great and small

From The Director,
Centre for Innovation and Productivity,
Sheffield City Polytechnic.

Sir,—Although I am not sure how a "situation" can have "dynamics" that can be "followed through," I believe that Mr. B. D. Monk (February 23) has misinterpreted my letter. I did not say that all that is big is bad, and I can agree with him that we need both large and small organisations.

Industry in Britain, however, is more highly concentrated than in any other nation. Some figures were published in the Bolton Report but the recently published book by Professor S. J. Prais, "The Evolution of Giant Firms in Britain" gives ample evidence that we have gone much further than other countries, especially in the last 20 years. Professor Prais debunks the popular notion, apparently believed by Mr. Monk, that the main reason for growth is that technological developments have increased the optimum size of plants. He cites methods of financing, fiscal policy and government action as the main causes of concentration. He concludes that the encouragement of a progressive and competitive economy requires a series of measures to restore the balance between large and small. He advocates offsetting the financial advantages enjoyed by large enterprises, encouraging individual subsidiaries to run as independent businesses and fostering an increase in the number of smaller independent firms to the levels found in other economically advanced countries.

My suggestion that some firms might use Bullock as an excuse for breaking up into smaller units was written somewhat tongue in cheek. Nevertheless, it would not be the first time that the right decisions are made for the wrong reasons.

E. G. Wood.
Holfords House,
16, Fitzalan Square, Sheffield.

Housing finance reviews

From Mr. G. McLean.

Sir, — Mr. George Smith, general secretary of the largest building union, the Union of Construction, Allied Trades and Technicians, said (February 23) that every member of the housing strategy sub-committee of the building EDC had expressed misgivings about the sub-committee's report.

This is true, but not quite in the sense that Mr. Smith implies. My reservation was that the report was not forthright enough, and did not focus on the sharply different opinions inside the sub-committee, whereas the unions wanted the report confined to those areas where there was agreement. This would emasculate the report beyond recognition.

I was prepared to see it published either as a discussion document, or as a committee report. In view of the repeated delays in the publishing of the Department of the Environment's own review of housing finance, I still hope that our report will see the light of day.

Geoffrey McLean.
Heantun House, Salop Street,
Wolverhampton.

Current cost accounting

From Mr. S. Penwill.

Sir,—Mr. P. Newitt (February 22) when criticising the accountancy profession's attitude to ED18 has ignored one material point. Under present statutory regulations, there is no obligation placed upon directors to make provision for the maintenance of assets, specific and quantified or otherwise. They are, in fact, only caused to do so by dividend limitation without which they would be at liberty to distribute the whole of the profit after making provision only for taxation.

ED18, if enacted in its current form, would make it obligatory for directors to put aside from appropriation account an amount sufficient to provide for replacement of assets, which amount only they would be able to specify and which therefore would be incapable of audit. How can one audit other people's forecasts of the future? It is this, among other things, to which the profession takes objection.

S. W. Penwill.
135, Fenchurch Street, E.C.3.

The GLC as an estate agent

From Mr. A. Fine

Sir,—I would appreciate an explanation as to how municipal estate agencies can reduce friction in the property market as suggested by Richard Balfe (February 25).

I think Mr. Balfe exceeds his brief in further suggesting that local government takes a hard look at sharp practices which bedevil the property market. The protection that should be offered should be administered by central government and the leading land professions have been calling for registration for many years but so far without success.

The Greater London Council and the local authorities might possibly be able to offer a useful listing service to those vendors and purchasers who do not require professional assistance. Size is certainly no criteria and I am sure your readers will have found from experience when dealing with sizeable organisations, particularly Government bodies and nationalised Industries, how difficult it is at times to obtain answers and find any individual who is prepared to accept responsibility. At least with the small firms the buck stops with the principal.

Where will the GLC find the staff to run a municipal estate agency unless poached from the smaller firms? Will the individual "negotiators" have the ability and experience to advise vendors on price, marketing and procedure? Will they be able to advise prospective purchasers on values, market trends and finance —I doubt it?

As a practising estate agent, I welcome fair competition but to suggest that the public at large will benefit is something I find difficult to accept. I agree entirely that one of the most serious problems of a modern housing crisis is the lack of mobility. In my view however a major contributory factor are the rent controls which are now seriously out of date. From the public's point of view, the expense of estate agency should not be the criteria. Estate agents, I believe, charge far less in this country than their counter-parts abroad for what that is worth. Surely like most other services, one pays for what one gets.

If the estate agent does not produce an effective worthwhile service he goes out of business. I wish the same could be said of some of our public enterprises.

Anthony I. Fine,
Gross Fine and Krieger Chalfen,
27, Princes Street,
Hanover Square, W.1.

To-day's Events

GENERAL

Method of calculating pound's trade - weighted depreciation changed from to-day. Now shown as a straight Index with December 1971=100.

Price of industrial coal rises by average of 15 per cent.

Finance Ministers of Organisation of Oil Exporting Countries (OPEC) meet in Vienna to allocate development aid funds to Third World.

Mr. John Methven, CBI director-general, speaks at industrial democracy conference, Portman Hotel, W.1.

Mr. Joel Barnett, Chief Secretary, Treasury, meets members of all-party Parliamentary Sports Group to discuss financial predicament of sport and possibility of favourable treatment in forthcoming Budget.

Cumbria County Council considers British Nuclear Fuels' application for oxide processing plant, Kendal.

Sir Monty Finniston, chairman, Sears Holdings, and former chairman, British Steel Corporation, opens Scottish Engineering Exhibition, Kelvin Hall, Glasgow (until March 5).

Lord Ryder, chairman, National Enterprise Board, opens Quality by Design Exhibition, Design Centre, Haymarket, S.W.1 (open to public from March 2 to March 26).

Dialogue between Lord Vaizey, Professor of Economics, Brunel University, and Rev. Joseph McCulloch, Rector of St. Mary-le-Bow, Cheapside, E.C.2, 1.05 p.m.

London Chamber of Commerce seminar on Quicker Export Documentation, 69, Cannon Street, E.C.4, 3 p.m.

PARLIAMENTARY BUSINESS

House of Commons: Debate on foreign affairs.

House of Lords: Passenger Vehicles (Experimental Areas) Bill and Public Lending Right Bill, committee. Criminal Law Bill, report stage. Consideration of Sex Discrimination Act (Amendment) Order, and Calf Subsidies (U.K.) Scheme Order.

COMPANY RESULTS

Allen Harvey and Ross (full year). BTR (full year). National Westminster Bank (full year). Rentokil Group (full year). Royal Insurance (full year). Unilever (full year). Wallis (F. J.) (full year).

COMPANY MEETINGS

Claverhouse Investment Trust, 8, Crosby Square, E.C., 12.30. Dobson Park Industries, Manchester, 12. Lonrho, Grosvenor House, W., 12. Status Discount, South Milford, 10.30. Winterbottom Trust, Salisbury House, London Wall, E.C., 11.30.

EXHIBITION

Silver Jubilee Exhibition, showing story of Royal Collection from Henry VIII to Elizabeth II, The Queen's Gallery, Buckingham Palace (all year).

COMPANY NEWS + COMMENT

Ransomes Sims off £0.42m.—sees upturn

ON TURNOVER up from £23.52m. to £25.25m., pre-tax profit of machinery manufacturers Ransomes Sims and Jefferies for the 52 weeks to January 1, 1977, slipped from £2.44m. to £2.02m. The directors state that although as always weather is unpredictable, the balance of factors affecting results is likely to be better in 1977.

The dividend total is lifted from 6.95p to 7.645p with a maximum permitted final of 5.345p net per £1 share, on stated earnings down from 25.2p to 17.2p.

	1976 £000	1975 £000
Sales	25,249	23,516
Profit before tax	2,017	2,439
Taxation	1,072	1,060
Net profit	945	1,379
Preference divs.	5	5
Int. Ordinary	127	127
Final	291	251
To retained earnings	521	995

A good 31 per cent. increase in sales of farm machinery products has been offset by disappointing grass machinery sales resulting from the unprecedented drought of last summer and some cut back in U.K. local authority purchasing, the directors state.

Electric truck sales were also at a low level due to lack of U.K. industrial investment, although the company improved its share of the relevant market, they add.

Overseas sales including exports increased from £7.9m. to £9.7m.

Stocks of some grass machinery products and electric trucks have increased during the year but are expected to be reduced by sales during 1977, members are told.

Last year factories worked on average at about 30 per cent. below capacity.

There was only minor progress in letting of additional space by Ransomes Property Developments during the year, but the situation now appears more encouraging, *say the directors.*

• comment

The 17 per cent. pre-tax fall at Ransomes Sims and Jefferies was mainly due to the drought's effect on sales of grass cutting machinery. The chances of a similar summer must surely be slim, so a substantial recovery is on the cards this year. In addition, demand for electric trucks has been very dull and, with luck, can only improve, while the industrial property side could achieve some lettings in the near future. The company is certainly in need of a recovery: the earnings return on shareholders' funds has fallen to around 7 per cent. and stocks have continued their steep ascent to a level about 60 per cent. above that of two years ago, with borrowings following in their tracks. At 110p, the shares yield 11.2 per cent. covered 2.2 times.

HIGHLIGHTS

Commercial Union is recovering to some extent from the disasters of 1975, with underwriting losses virtually halved and with hopes of a further improvement in 1977 but the longer term questions about the balance sheet are yet to be solved. Lex also takes a look at Sedgwick Forbes where the success in winning new business together with the favourable impact of the weakness in Sterling has boosted profits by 62 per cent. Yarrow is £1½m. lower pre-tax excluding disposals with further losses in boilers but the shipbuilding side is going well. With the drought last summer hitting the sale of grass cutting machinery Ransomes Sims has seen a 17 per cent. shortfall in profits but the weather clearly suits Campari, where profits in the first half are nearly £½m. higher. Woodhouse and Rixson has been hit by surplus stocks of flanges while Raine Engineering's first half has been bolstered by the acquisition and there are now plans to acquire another company.

Loss for McCleery L'Amie

REFLECTING the prolongation of the economic recession McCleery L'Amie Group reports a turnround from a profit of £1.27m. to a pre-tax loss of £19,000 for the year to October 31, 1976. Sales were £2.31m. higher at £16.51m. At half-way profit was down by £502,000 to £268,000.

The present position shows promise in that the subsidiary Belfast Ropework Co. has a substantial order book and has reverted to three shift working, the textile division is operating in a slightly healthier market and the carpet companies are maintaining their sales position during what is normally a particularly quiet period in that industry, say the directors.

Group sales for first quarter of the current year are up 23.6 per cent. at £4.5m., with exports accounting for the majority of the improvement.

The directors add that overall group borrowings are well within facilities available and group continues to have a strong asset base.

A net final of 0.5p makes a reduced total of 1.25375p (1.8425p).

After a tax credit of £176,000 (debit £586,000) there was a net profit of £157,000 (£680,000), and earnings of 1.3p (5.3p).

	1975-76 £000	1974-75 £000
Sales	16,307	14,194
Trading profit	679	1,902
Depreciation	413	383
Interest	265	153
Pre-tax loss	19	†1,266
Tax credit	176	*586
Net profit	157	680
Extraord. debit	36	‡1
Attributable	129	695

† Profit. * Charge. ‡ Credit.

• comment

After a 65 per cent. pre-tax drop at half-time, McCleery L'amie plummeted £287,000 into the red in the second six months. Finance charges were quadrupled in the second half while only textiles, out of the three main divisions, managed any improvement with export growth more than making up for sluggish conditions in the U.K. The carpets' side suffered from its concentration on the static U.K. market—export sales for the sector rose by 51 per cent. in 1976—while the agricultural and industrial twine interests were hit by a world surplus of twine. Demand is now on the upturn in the main problem areas, but the group needs this to justify the recent capital spending which has pushed borrowings up from 5 per cent. of net worth in 1974-75 to around 50 per cent. at the end of 1975-76. At 15p, the shares (25p par value) capitalise the group at less than £2m.

Cornercroft at £0.28m.

Compared with a forecast of about £265,000, pre-tax profit of Cornercroft, mechanical and aeronautical engineers, was £277,416 for the 12 months to September 30, 1976, against £290,263 in the previous year.

At halfway the figure was £93,000, compared with £105,000.

As expected the final dividend is 2.08p net for a 2.86p total (2.6p).

	1975-76 £	1974-75 £
Pre-tax profit	277,416	290,263
Taxation	145,656	148,135
Net profit	131,760	142,120
Disposals	—	5,994
Attributable	131,760	148,114
Pref. dividends	4,550	4,550
Ordinary	71,566	65,008

Metalrax upturn in second half

A RISE of £123,070 to £528,089 in the second half lifts pre-tax profit of Metalrax (Holdings) from £812,524 to £844,535 for the year 1976, despite the current problems of the engineering industry.

Stated earnings per 5p share increased from 3.43p to 5.54p. After adjusting for last year's one-for-ten scrip issue, the final dividend is the maximum permitted 0.675p and the total 1.115p (1.0136363p).

The directors are also recommending that £57,356 be capitalised for another one-for-ten scrip.

The accounting policy has been changed with the result that the charge for corporation tax represents only the actual tax payable. In previous years the figure has included a charge for deferred tax.

	1976 £	1975 £
Turnover	7,293,778	6,459,218
Profit before tax	844,535	812,524
Corporation tax*	198,361	407,732
Net profit	646,174	404,792
Preference dividends	10,766	11,275
To deferred tax	135,229	5,493
Interim dividend	50,473	45,993
Final	77,431	70,391
Waivers	2,174	2,463
Retained	374,449	274,211

* After adjusting for stock increase relief and capital allowances £199,500 (£409,007) and previous over provision £1,139 (£1,275). 1976 figure would have been about £440,000 on a comparable basis with previous year.

A-PORTUGUESE BANK

Anglo-Portuguese Bank has changed its name to A P Bank.

Sir Francis Sandilands, chairman of Commercial Union Assurance Company.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Campari	int.	0.99	April 6	0.86	—	1.64
Commercial Union		4.32	May 17	4.32	6.85	6.85
Cornercroft		2.08	—	1.82	2.86	2.6
EGA	int.	0.5	April 29	0.41	—	1.65
Excalibur Jewellery	int.	0.24	April 29	0.21	—	0.43
Fox's Biscuits	int.	0.83	April 9	0.75*	—	1.9*
Gedong Inv.		1.21	April 13	1.07	1.68	1.39
Greenbank Trust		2.6	Mar. 24	2.4	2.6	2.4
McCleery L'Amie		0.5	May 6	1.09	1.25	1.84
Metalrax		0.68	May 11	0.62*	1.12	1.01*
Abel Morrall		1.65	—	1.5	2.17	1.97
Raine Engineering		0.29	May 30	0.26*	—	0.78*
Ransomes Sims		5.35	May 17	4.65	7.65	6.95
Rea Brothers		0.84	April 19	0.77*	1.49	1.36*
Sedgwick Forbes		5.09	—	4.81	8.59	7.81
Madame Tussaud's		0.64	April 5	0.59	0.98	0.89
Woodhouse & Rixson		1.04	April 23	1.42	2.08	2.36

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

Woodhouse & Rixson falls to £0.63m.

A SLUMP in pre-tax profit from £1.03m. to £0.63m. is reported by Woodhouse and Rixson (Holdings) for the year to January 1, 1977. This is mainly due to typically cyclical depressed conditions, principally in the flange division and in the forging division as well, the directors state. However, the springs division had a good year and Portway made a good contribution, while the trailer division was slightly down, they add.

At halfway profit fell from £570,000 to £534,000.

The dividend is cut from 2.3642p to 2.0759p net per 12.5p share with a final of 1.03795p. Stated earnings are down from 6.6p to 2.9p.

	*1976 £000	1975 £000
Turnover	10,492	8,211
Trading profit	828	1,049
Exceptional debit†	150	—
Interest	53	17
Profit before tax	625	1,032
Taxation	322	550
Available	303	482
Int. div.	106	43
Final	106	132

* Includes Portway Forgings (Wednesbury) for 14 months to January 1, 1977. † Start-up, refurbishing costs and production expenses for initial stocks at La Bride Belge.

The directors state that the loss of £150,000 on the Belgian operation is higher than was originally projected, partly due to the weakness of sterling and partly because refitting of the plant is running a little behind schedule. However, the operation is expected to be breaking even by the end of 1977 and should come into profit in 1978, they add.

Interest charges are higher because of the Portway acquisition and the Belgian operation, members are told.

• comment

A worldwide surplus of flanges, which has led one major U.S. manufacturer to off-load stocks, has produced a £100,000 loss at Woodhouse and Rixson's flange division. There is little chance of an early upturn here, but this division now ranks third in size behind the leaf spring company (which had a good year) and the main division, forgings. The newly-acquired Portway forge has contributed about £300,000 to profits and been the factor which has sustained volume, while it will also have a 40 per cent. increased capacity this year through the addition of two new hammers. The other forging division has fallen heavily from the heights of 1975 but orders are now considerably higher. The £150,000 loss attributable to the Belgian flange company should also be wiped out as the Belgian side is expected to break even by the end of this year. But these factors have had the effect of reducing profits by 21 per cent., knocking margins by 40 per cent. to 7.9 per cent., and weakening the balance sheet by producing an overdraft of nearly £1m. against last year's £630,000 cash. Not surprisingly the shares fell slightly to 35p where they yield 9.4 per cent. and the p/e is 11.7.

RESULTS AND ACCOUNTS IN BRIEF

ABBEY PANELS—Results, 15 months to September 30, 1976, reported January 26, 1977. Chairman confident company will continue with some degree of progress. Fixed assets £1.56m. (£1.54m.), net current assets £0.91m. (£0.65m.). Meeting, Harlington, Middlesex, March 17 at noon.

ALLIED CITY SHARE TRUST—Dividend 14 months to May 31, 1976, 5.877 per cent. net—maximum permitted—(nil). Year to March 31, 1975. Interim for current period 3.873 per cent. Turnover 14 months £44,977 (£13,322 for year). Pre-tax profit £32,117 (loss £69,527), tax charge £4,743 (credit £651). Accounts of Assd. company—N.B.P. Russell and Co.—not available and group accounts have been prepared excluding Russell's results. Comparisons restated to exclude Russell.

BIRMID QUALCAST—Results, 65 weeks to October 30, 1976, and chairman's statement reported on February 11, 1977. Mr. R. Leigh-Pemberton to be replaced as chairman by Mr. J. F. Insch. Geographical analysis of exports shows (£000s omitted) Africa £947 (£1,171), America £3,153 (£3,262), Asia £1,862 (£1,682), Australasia £326 (£574), Europe £13,891 (£10,813), total £20,279 (£17,504). Bank loans and overdrafts increased by £3.32m. (decrease £4.80m.). Meeting, Birmingham, March 24 at noon.

CITY ACRE PROPERTY INVESTMENT TRUST (subsidiary of Rugarth Investment Trust)—Pre-tax loss for year to April 5, 1976, £307,227 (profit £37,623). Tax £73,527 including irrecoverable A.C.T. £73,473 (£15,315).

COLMORE INVESTMENTS—Interim 0.35p (single payment 0.715p) for nine months to December 31, 1976. Profit £72,000 (£64,000) before loan interest £33,000 (£46,000) and tax.

FLAG INVESTMENT COMPANY—Pre-tax profit half year to end December 1976, £276,010 (£234,427 half year to September 30, 1975). Tax £143,275 (£112,439). Interim 1.5p. Net asset value per share 84.24p (64.74p). Company is wholly-owned subsidiary of Anglo-Continental Investment and Finance.

GEDONG INVESTMENTS—Final 1.207p, making 1.682p total (1.394p). Profit for year to October 31, 1976, £43,715 (£30,281), before tax £27,000 (£25,200). Earnings per 10p share 2.60p (2.38p). Board have decided to write up the book value of the company's investments to £910,000. The market value as at October 31, 1976 was £878,077 but because of the nature of such investments Board consider it prudent to allow a margin for adverse movements. Surplus arising from the revaluation is £535,234. Estimated net surplus if disposed of £271,234 transferred to reserves.

GENERAL CONSOLIDATED INVESTMENT TRUST—Result 1976, reported February 16, 1977. Chairman says revenue estimates for current year at higher level than last year, and barring unforeseen circumstances he is confident of at least maintaining dividend. Investments £19.37m. (£16.84m.), appreciation of investments £7.71m. (£6.68m.). Current assets £1.2m. (£0.84m.), current liabilities £0.57m. (£0.54m.). Increase in uninvested funds £0.47m. (decrease £0.41m.). Meeting, 5, Waterloo Place, S.W., March 22, at 3 p.m.

GREENBANK TRUST—Interim 2.6p (2.4p). Revenue year 1976 £22,500 (£20,805), after tax of £12,508 (£11,563). Net asset value 571p (591p). Not intended to recommend any further dividends for year.

LOTHIAN INVESTMENT TRUST—Members have endorsed the company's investment in Kellock Factors and endorsed the change in the company's investment policy as detailed in a circular to shareholders dated February 8.

PALMERSTON INVESTMENT TRUST—Net profit, half year to September 30, 1976, £15,515 (£9,734) after interest £02,580 (£97,427) and tax £6,649 (£3,113). Interim 0.532p (same).

PLASTIC CONSTRUCTIONS—Results for year to September 30, 1976, reported February 11 with comments on prospects. Fixed assets £478,731 (£417,591). Net current assets £1.34m. (£1.14m.). Meeting, Abercorn Rooms, E.C., on March 8, noon.

SCOTTISH AMERICAN INVESTMENT—Results, 1976, already reported. Investments at valuation £54.44m. (£47.92m.)—unrealised surplus £5.53m. Net current assets £3.12m. (£2.4m.). Meeting, Edinburgh, March 23 at 11 a.m.

TRIBUNE INVESTMENT TRUST—Results, for 1976, reported February 11. Investments £23.4m. (£19.81m.). Net current liabilities £31,390 (assets £1.16m.). Decrease in liquid funds £1.15m. (increase £163,691). Meeting, Leadenhall Street, E.C., March 24 at 2.30 p.m.

UCI—Results for 1976 reported on February 8, 1977. Listed investments R26.14m. (R25.03m.), market valuation R64.61m. (R60.34m.). Unlisted investments R7.07m. (R7.17m.), market valuation R20.69m. (R20.74m.). Meeting, Johannesburg, March 23.

WEST COAST AND TEXAS REGIONAL INVESTMENT TRUST—Gross revenue for 1976 £159,751 (£132,870) including interest received £33,345 (£26,996). Pre-tax revenue £33,315 (£27,184) after interest and expenses. Tax £15,745 (£15,470). Final dividend 0.30p (0.40p). Earnings per 10p share 0.59p (0.39p), net asset value 82.3p (56.6p).

WEYBURN ENGINEERING COMPANY—Results, year to October 31, 1976, reported January 13. Fixed assets £2.38m. (£1.76m.); net current assets £1.21m. (£1.08m.). Compensation to former director £10,008 (nil). Pensnan Nominees holds 10 per cent. interest. The directors consider the terms of the offer by Carborundum Company of the U.S., on January 31, 1977, as fair and reasonable and believe the future of the group would be enhanced.

ISSUE NEWS AND COMMENT

Fife raises £10m. with 13¼% stock

Arrangements have been completed for the issue by The Fife Regional Council of £10m. of 13¼ per cent. Redeemable Stock 1983-84, at £98¼ per cent.

The stock is payable as to £10 per cent. on application with £40 per cent. payable on April 21, 1977 and £48¼ per cent. payable on June 9, 1977.

Interest will be paid half-yearly with the first payment of £4.1328 per cent. gross, payable on September 1, 1977. The flat and redemption yields are respectively 13.45 per cent. and 13.57 per cent.

Application lists will open and close next Thursday with dealings expected to start the following day. Brokers to the issue are Nivison and Company.

• comment

The terms of the Fife loan pitched exactly in line with last week's City of London funding. So, with the gilt market sharply yesterday—short gilts rose around ¾ of a point—and London loan closing at a ¾ 1 point premium, another stagging operation looks on the cards. At 13.57 per cent. to redemption, the Fife yield roughly a sixth above that Treasury 12 per cent. 1983, comparable gilt.

42 companies wound-up

Orders for the compulsory winding up of 42 companies were made by Mr. Justice Oliver in the High Court yesterday.

They were: Mersey Fuel Oil Storage Company, Margoso, Jesse Holness Properties, Mitre Joinery, George Hensher, Pearl Island Tours and Chilton Industrial Services.

House of Good Scotch, Eastern Foundry Company, Bitnile, The Dolphin Building Company (Bovey Tracey), Lalmouth, Liftcon (Lift Manufacturers) and PTB Building Contractors.

Tranplock (Bolts), Nu-Look Flooring Company, Manforce, Allswood, Ashby Cars, Colston Property Holdings and Deanhill Properties.

Preventa Crime Guards, Stevenage Shuttering and Steel Fixers, Tecmoulds, Vega (Holdings), W. Wedge (Contractors), M and A Heating Services, Wilson and Grieg and Gracefine.

Number 20 Fashions, B. W. McGahey and Company, Tandex Textiles, PC Construction (Blackburn), Trans-Build and Roberts and M. Turner (Contracts).

Arcbosk, The Bristol Company, Newark Northborough Investment Bank of Morocco 1894 and Motors.

Rodney R. Billington, wound up on February 21, was inadvertently omitted from the previous list.

'FAGS' REJECT

The Board of Antofagasta (Chili) and Bolivia Railway Company and their advisers, Brothers are not recommending the £1.8m. offer by Dellen and L.E.T. Investments for per cent. of Ordinary and per cent. of Preference shares company not already owned.

In yesterday's report amount of the Ordinary not already owned was given as 46 per cent.

Yarrow drops to £4.9m. after poor second half

SLIDE in taxable profit of ...49m. to £4.89m. is shown by ...ipbuilders, boilermakers and ...gineers Yarrow and Company ...r the year to June 30, 1976. The ...jor part of the decline came ...the second half with a fall in ...ofit from £3.81m. to £2.51m.

The Ministry of Defence and ...a Department of Industry have, ...date, authorised dividend ...tribution from the subsidiary ...rrow (Shipbuilders) to Yarrow ...mpany amounting to £1.85m. ...5m. was dealt with in the 1974/... accounts and £1.35m. is ...luded in the profit available ...appropriation for 1975/76. The balance of £1.025m. net of ...ofit of Yarrow (Shipbuilders) is ...t available for distribution to ...parent company and has been ...nsferred to special reserve as ...previous years.

Total distributions authorised to ...e represent a "modest" pro...tion of the net profits earned ...the subsidiary in recent years ...l applications will be made, in ...course, for further distribu...ns to the parent company in ...pect of the current financial ...r ending June 30, 1977 and any ...ther period during which the ...pbuilding company remains a ...t of the Yarrow group, says ...Eric Yarrow, the chairman.

...ooking to the future of the ...up he says that certain pro...ing opportunities are being ...mined in depth so that action ...y be taken once the outcome ...the Government's intentions ...nationalise the shipbuilding ...sidiary is known.

...t is expected that further dis...utions by Yarrow (Shipbuilders) the parent company will be authorised up to the time when and if nationalisation takes place. Thereafte, says Sir Eric, the substantial income from Yarrow and Co's investment portfolio (together with income from the compensation stock and anticipated profit of the marine consultancy and research subsidiary Y-ARD should provide substantial cover for the maximum dividend permitted.

For 1975-76 a second interim dividend paid on January 7, 1977, lifted the net totel for the year to 4.129p (3.75375p) per 50p share. Before extraordinary items stated earnings per share were 38.50p (23.9p) or 64.1p (77.9p) including Yarrow (Shipbuilders).

The shipbuilding company hed a satisfactory year and though the possibility of new orders from navies overseas ere still edversely affected by the high rate of infletion in the U.K., It is currently proceeding several enquiries for various types and sizes of naval ships for abroad.

Overall profit by Y-ARD was affected adviegely by a fall off in ordera early in 1976 but tha position has now improved and a general uptrend in profit is expected.

Lack of investment in new water-tube boiler plant throughout the country resulted in a low level of work for Yarrow Engineers (Glasgow) during 1975-1976 and thare seems little indication at present of any upsutge in new orders, the chairman reports.

Analysis of trading profit by ectivity in £s shows: shipbuilding 4,780,374 (4,840,021); boilermaking, engineering, etc. loss 770,890 (profit 117,773); marine consultancy and research 224,781 (116,303).

Vosper Thorneycroft, a subsidiary of the David Brown Corporation, bolds a 21 per cent. interest in the company.

	1975-76	1974-75
	£	£
Trading profit	4,234,265	5,074,097
Shipbuilding grants	262,817	287,362
Investment inc.	737,848	1,362,330
Investments sales	147,300	83,379
Interest	485,497	346,200
Share assoc. loss	—	86,500
Pre-tax profit	4,886,730	6,374,466
Taxation	2,323,871	3,257,964
Net profit	2,563,359	3,116,504
To special reserve	1,025,038	2,201,504
Extraor. debit	—	445,425
Available	1,538,321	469,485
From cap. reserve	—	445,425
Profit b/f	1,922,429	1,137,669
Dividend	165,460	150,150
Leaving	3,295,590	1,922,429

● comment

Provisions against boiler losses account for about half of the £1.54m. decline in Yarrow's pre-tax profits. The balance is largely the result of an adverse swing in income/interest payments with Yarrow (Shipbuilders) now beginning to work through some of its substantial forward payments. This subsidiary still bas a heavy order-lpad with the books currently extending to around £130m., against total turnover for YS last year of £73m. The shares eased 2p to 170p yesterday for a market capitalisation of £6.7m. compared with net worth of £14m. Net assets would ease to just under £11m. assuming that YS is (a) nationalised and (b) nationalised at the present nominal compensation rates.

A. G. Barr's better liquidity

A. G. Barr and Co., the soft drinks manufacturers, expect another good year provided some assistance comes from the weather, chairman Mr. Robert Barr told the annual meeting in Glasgow.

The company's liquid position had been considerably improved and the dividend cover was higb. Development policy had always been to try and be self-fineocing, and Barr was awaiting tenders on building projects worth over £1m. at Glasgow and Atherton, besides improving their machining facilities elsewhere.

To a shareholder's suggestion of a one-for-one scrip issue to improve the marketability of the shares and bring them up to trustee status, Mr. Barr felt that this was not the right time to consider such a proposal, and he doubted if it would do any more thao double the number of shares now held by shareholders.

Progress by Rea Brothers

For 1976, bankers Rea Brothers show net profit, after tax, a transfer to inner reserves and all expenses, up from £422,000 to a record £471,000. At midway the directors reported an improvement in earnings.

A net final of 0.8426p per 25p share lifts the total dividend to a maximum permitted 1.4926p against 1.3569p, adjusted for a one-for-five scrip issue.

NO PROBES

The Secretary of State for Prices and Consumer Protection, bas decided not to refer the following proposed mergers to the Monopolies Commission:—Colgate Holdings (U.K.)/Joseph Terry and Sons; and A. Guinness, Son and Company/Kimpher.

BRICOMIN/MENTEITH

Bricomin Investments offer for Menteith Investment Trust shares not already owoed has been accepted by holders of 12,057,269 shares (94.3 per cent. of shares for which offer was made). Bricomin now holds 26,945,881 shares (97.3 per cent. of total). The offer remains open. The balance will be acquired compulsorily.

Scottish European to lift dividends

...head of the company's year ..., the directors of Scottish ...opean Investment Company ...a circulated members stating ... they expect to pay an ...eased net dividend of 1.2p per ... share payable in July, 1977, ...nst 1.1p, and giving an indica... of future dividend policy.

...o the basis of present ...nates they hope to pay 1.5p ... 1977-78. This increased pay...t would be made in the form ... small interim in December, ... and a larger final in July, ..., and they bope to maintain ... payment practice in follow...years.

...e increase have been made ...ible by a reorganisation of ... company's portfolio, says Mr. ...'. Turcan, the chairman. The ...ction in overseas loans, ...rted et the interim stage in ...ber, 1976, has lowered ...owing costs releasing sterling ...s, previously used to match ...s, thereby increasing the ...sh portfolio which is now ...ted in higher yielding ...rities. Also sterling assets ... been reinvested at a higher ... of interest, he explains.

...rly announcement of the ...tors' plans was prompted by ...high level of share discount ... has arisen. At January 31, ... net asset value stood at ... per share compared with a ... in the market of only 29p.

... analysis of investments at ...ary 31, 1977, show the British ...olio at £2m., equivalent to ...er cent. of the total £6.9m. ...et assets. The remaining ... was invested overseas: ... in Continental Europe and ... in the U.S. Of this amount, £3m. was financed by foreign currency horrowings (matched by sterling assets, consisting of cash and short-term Government stocks, to the same value) and £1.9m. by premium currency.

Mr. Turcan adds that it is the company's intention to maintain concentration on Continental Europa and the directors do not intend to put more than one-third of the investment portfolio into the U.K.

Allied Insulators

Direct exports by Allied Insulators increased almost 30 per cent. to £4.5m. in 1976. However the competitive advantage given by the reduced value of sterling must be short-lived following the continued substantial rise in costs, particularly those related to energy, transport and rates, and the unknown increases to come, Mr. Alan Lloyd, the chairman, comments.

As reported on February 23, 1977, in 1976 taxable profit advanced to £1.57m. (£1.96m.) on sales ahead at £13.35m. (£11.12m.). The dividend was lifted to 3.5p net. At year-end total assets less current liabilities were up at £7.7m. (£6.67m.). Bank balances and deposits jumped from £4,000 to £1.29m. and a bank overdraft of £0.48m. was eliminated.

Restated on a current cost accounting basis taxable profit is reduced to £1.09m. Even so this figure is still higher than the historic pre-tax profit in any of the last 10 years, Mr. Lloyd says.

Trading profit, which on a historic basis was £1.64m. is reduced under CCA, by a cost of sales adjustment of £0.39m. and additional depreciation of £0.09m. to £1.16m.

Olher restated figures show net profit at £0.53m. The net surplus arising from revaluation of assets of £13,000 is appropriated to the revaluation reserve raising it to £0.9m. and total assets less current liabilities are up from £7.4m. to £8.27m.

Meeting, Stoke-on-Trent, on March 25 at 11.30 a.m.

Madame Tussaud's improves to £1.23m.

AFTER AN ADVANCE at halfway from £298,000 to £320,000, pre-tax profit of Madame Tussaud's for 1976 improved from £1m. to £1.23m. on turnover ahead at £3.01m. against £2.52m.

Stated earnings are up from 2.3p to 2.79p per 5p share, and the dividend total is stepped up from 0.88682p to 0.9755p with e final of 0.6355p net.

After tax of £641,998 (£519,608) end extraordinary debits of £22,436 (nil), profit retained was £359,301 compared with £297,442.

MIDLAND NTHN. TRUST BUYS 26% OF G. WHITEHOUSE

The Midland Northern Trust has acquired the 26.3 per cent. stake in George Whitehouse (Engineering) from Mr. and Mrs. Norman Whitehouse at 7½p which together with its own and associate holdings gives it a 50.8 per cent. holding, and is bidding a similar price for the remaining shares.

The offer, which values Whitehouse at £280,000, is about three-quarters of the current market price of 10p. It will not be extended beyond 21 days after the posting of the formal offer document nor its terms revised.

G. R. Dawes and Co., on behalf of MNT, a private company, bas underwritten the offer in full and has entered into sub-underwriting agreements covering the whole of its obligations to which neither MNT nor Whitehouse is a party.

For the year to July 3, 1976, Whitehouse reported a net loss of £138,000 compared with a profit of £50,000. Its present chairman Mr. A. J. Cross, who took over from Mr. Norman Whitehouse in December, is e director of MNT.

Commercial Union Assurance Company Limited

The Board announces unaudited profits for 1976 of £30.1m. after providing for taxation.

The Directors recommend for payment of 17 May 1977, a final dividend on the ordinary shares of the Company of 4.320p (1975 4.320p). This, together with the interim dividend of 2.525p (1975 2.525p) per share paid in November last, gives a total for the year of 6.845p (1975 6.845p) per share. U.K. resident and certain foreign shareholders will be entitled to an imputation tax credit of 3.686p (1975 3.686p) per share at the rate of tax applicable at this time, making a gross dividend for the year of 10.531p (1975 10.531p) per share. Including preference dividends for 1976 these dividends require £21.4m. (1975 £21.4m.). The balance of profit for 1976 amounting to £8.7m. has been added to reserves.

	1976 Unaudited	1975 Restated (note (a))	1975 Published	1974	1973
	£m.	£m.	£m.	£m.	£m.
Premium Income*	1,148.9	1,063.8	922.6	766.4	642.2
Investment income*	123.9	115.3	101.7	80.7	59.5
Life profits	7.9	6.8	6.0	3.1	2.7
Underwriting loss*	(59.8)	(110.1)	(94.1)	(15.4)	(5.5)
Share of associated company's results	—	(1.8)	(1.8)	.8	2.6
Loan interest	(24.7)	(26.0)	(22.0)	(19.0)	(15.5)
Profit/(Loss) before Tax*	47.3	(15.8)	(10.2)	50.2	43.8
Taxation and minorities	(17.2)	10.4	6.7	(21.5)	(17.4)
Profit/(Loss) attributable to Shareholders	30.1	(5.4)	(3.5)	28.7	26.4
Dividends	(21.4)	(21.4)	(21.4)	(18.4)	(12.6)
Transfer to/(from) reserves	8.7	(26.8)	(24.9)	10.3	13.8
	p	p	p	p	p
Earnings/(Loss) per Share (note (b))	9.64	(1.78)	(1.16)	12.26	11.88
Dividend per ordinary share	6.845		6.845	6.845	5.641
Tax credit (note (c))	3.686		3.686	3.566	2.666
Gross Dividend per Ordinary Share	10.531		10.531	10.411	8.307
Shareholders' Funds	£359m.		£282m.	£222m.	£236m.

* Tables 1 and 2 below.

Notes (a) *Because of the significant fall in the value of sterling relative to most other currencies, 1975 has been restated at rates of exchange prevailing at 31 December 1976.*
(b) *Earnings per share are calculated on the "net" basis.*
(c) *The tax credit for 1976 has been calculated at the rate of tax applicable at this time. Earlier years reflect the tax rate in force at the time of payment of the dividend.*

Table 1

	Fire £m.	Motor £m.	Other Accident £m.	Marine £m.	1976 Total £m.	1975 Total £m.
	Premium income					
United Kingdom, Ireland, London marine & reinsurance	85.8	55.0	71.5	39.2	251.5	209.5
United States	132.3	164.0	142.1	7.5	445.9	347.4
Australia	12.1	11.8	21.6	3.0	48.5	59.2
Canada	22.2	58.1	19.9	.7	100.9	73.7
Western Europe	58.0	86.7	77.4	15.0	237.1	178.7
Other overseas	17.9	17.4	22.7	7.0	65.0	54.1
	328.3	393.0	355.2	72.4	1,148.9	922.6

Table 2

	Underwriting results 1976 £m.	Underwriting results 1975 £m.	Investment income 1976 £m.	Investment income 1975 £m.	Profit/(Loss) 1976 £m.	Profit/(Loss) 1975 £m.
United Kingdom, Ireland, London marine & reinsurance (note 1)	(11.7)	10.0	34.7	34.9	23.0	44.9
United States (note 2)	(26.8)	(75.1)	39.9	29.7	13.1	(45.4)
Australia	(4.7)	(15.3)	7.7	5.9	3.0	(9.4)
Canada	.3	(1.9)	9.3	6.4	9.6	4.5
Western Europe	(17.4)	(8.2)	26.8	19.2	9.4	11.0
Other overseas	.5	(3.6)	5.5	5.6	6.0	2.0
	(59.8)	(94.1)	123.9	101.7		
Total non-life profits					64.1	7.6
Associated company					—	(1.8)
Life profits					7.9	6.0
Loan interest					(24.7)	(22.0)
Profit/(Loss) before tax and minorities					47.3	(10.2)

Note 1. The underwriting loss of £11.7m. (1975 profit £10.0m.) is made up as follows:

	1976 £m.	1975 £m.
United Kingdom	(6.8)	9.4
Republic of Ireland	(3.7)	.1
London marine	(3.0)	—
Reinsurance	1.8	.5
	(11.7)	10.0

Note 2. The U.S. results are after charging £8.0m. against the provision of £15.0m. set up at 31 December 1975 in respect of cancelled business. This does not affect the U.S. statutory operating ratio which bas improved from 113.9% in 1975 to 106.4% in 1976.

The following are extracts from the Chairman's review and directors' report which will be posted to shareholders on Tuesday, 22 March 1977.

During 1976 we secured a major improvement in our results which is much in line with whet we set out to achieve. The improvement in non-life profits (before loan interest and taxation) is reflected in every major territorial operation, except in the U.K. and Ireland, where there has been e very marked deterioration, and also in Western Europe where the deterioration bas been small.

Life profits have increased to £7.9m. from £6.0m. in 1975 mainly attributable to satisfactory profits in the U.K. and in the Netherlands.

We are glad therefore to announce that after all charges (including loan interest, taxation and minorities) the results of the Group for 1976 show a profit of £30.1m. compared with a loss of £3.5m. for 1975.

These improved results in 1976 have been obtained as a result of the corrective action taken, particularly in Australia and the U.S. Subject to how the economic and political conditions develop over the current year, particularly in the U.K. end U.S.; and to the incidence of catastrophes there should be a further improvement in results in 1977.

Fire

Generally fire business bas remained profitable though less so than in 1975. Subsidence claims in the U.K. arising from the very dry summer of 1976 cost over £4.0m. Severe storms occurred in central Europe and the U.K. in January end in the Maritime Provinces of Canada in February 1976. The cost of these storms, but not the subsidence claims, has been charged to extreme weather provision.

1976 has been a year in which an above-average number of damaging earthquakes occurred. Some of these, however, were in areas that are sparsely populated and others occurred where earthquake insurance is not provided. In consequence our lossea were small.

Accident

Accident business was generally better than in 1975. This was particularly marked in workers' compensation business in Australia where conditions bave been more stable. In the U.S., although the results beve improved, they are not yet satisfactory. Increases in court awards continue to affect our results adversely. In many countries motor rates will need to rise yet again to meet the continuing increase in the cost of claims particularly those relating to death and injury. In the U.K. the results are much worse than in 1975, mainly because the courts are making ewards that are increasingly in excess of the expected levels of compensation that were taken into account when setting premium rates.

An increasingly difficult feature of liability insurance is that more claims are being made as a result of newly identified "industrial diseaees" and the cumulative effects of certain working conditions. These claims are occurring against a background of growing medical knowledge and increasing public awareness.

Legislation giving recognition to such dangers and therefore wider protection to employees has been introduced in many countries. In some industries it is becoming increasingly difficult, and in a few impossible, to measure realistically the real extent of an employer's potential liability for claims in the event of the discovery of a new hazard. These difficulties are more pronounced when there is a delay, perhaps a decade or more, between the time when the employee may bave been exposed to the danger and the emergence of any related ensuing disability. The progress of medical knowledge increasingly reveals hitherto unsuspected causes and effects of these hazards.

Comments of a similar nature apply to claima being made by the public in respect of adverse effects which may have resulted from the consumption or use of manufactured products.

These phenomena are not new but their significance in insurance terms has become that much greater in both extent and potential cost.

This is a serious social as well as economic problem. Reasonable compensation for loss and injury should be available, but insureds, together wiih their brokers and agents, end the authorities concerned must recognise thet the costs to insurers must be reflected in full in premiums. Co-operation is vital, therefore, between all interested parties—governments, employers end employees, unions, consumer groups and insurers. In some countries such co-operation bas begun, but greater urgency is needed on a wider front.

In the U.S. the courts bave transformed the negligence system into one of compensation, thereby allowing easier recovery, but without limiting the tort damage awards at the same time. Legislation will be necessary to bring about a more reasoneble solution. Such legisletion now exists in a few States and is under consideration in a number of others.

Marine and aviatian

Marine and aviation business continues to be unprofitable in the London Market where we sbowed a loss of £3.0m., due to intense competition, inadequate rates and infleted repair costs. There bas, however, been a return to profitability in other parts of the world, in particular, the U.S. and Australia.

Commission and expenses

The ratio of fire and accident commission and expenses to net written premiums has fallen from 33.7% to 33.1% in 1976. In the U.S. this ratio on a statutory basis has fallen from 31.6% to 29.7% reflecting the effects of the action taken during 1975. Higher retios, however, arose in the U.K., most countries of Europe, Canada and Australia where rates of inflation or salaries and releted costs, such as State insurance and pension contributions, which together eccount for well over half of our expenses, rose faster than premiums.

CU turns in £47.3m. and sees more progress

As a result of corrective action taken, particularly in Australia and the U.S., Commercial Union Assurance Co. made a pre-tax profit of £47.3m. during 1976. This is in line with the planned objectives, state the directors.

And subject to how the economic and political conditions develop over the current year, particularly in the U.K. and the U.S., and to the incidence of catastrophes, there should be a further improvement in 1977, the directors add.

The 1976 profit compares with a published loss of £10.2m. subsequently restated at £15.8m. because of the significant fall in the value of sterling.

Premium income from fire, motor, other accident and marine totalled £1,148.9m. (£922.6m.), with U.K., Ireland, London marine and reinsurance contributing £251.5m. (£209.5m.), the U.S. £445.9m. (£347.4m.), Australia £48.5m. (£39.2m.), Canada £100.9m. (£73.7m.), Western Europe £237.1m. (£178.7m.) and others £65m. (£54.1m.).

Underwriting showed a £39.6m. (£94.1m.) loss including a £26.8m. (£73.1m.) loss from the U.S. which is struck after charging £8m. against the provision of £15m. set up at end December, 1975 in respect of cancelled business. This does not affect the U.S. statutory operating ratio which has improved from 113.9 per cent. to 106.4 per cent.

In the U.K. the loss was £8.8m., compared with a profit of £9.4m. Ireland incurred a loss of £3.7m. (£0.1m. profit), there was a loss of £3m. (nil) at London marine and a profit of £1.8m. (£0.5m.) from reinsurance.

Investment income rose from £101.5m. to £123.9m.

The improvement in non-life profits from £7.6m. to £64.1m. is reflected in every major territorial operation, except in the U.K. and Ireland, where there has been a very marked deterioration, and also in Western Europe where the deterioration has been small.

Life profits increased to £7.9m. (£6m.) mainly attributable to satisfactory profits in the U.K. and in the Netherlands.

Shareholders' funds stand at £359m. (£282m.).

Stated earnings per 25p share are 9.04p for the year, compared with a restated loss of 1.78p. Dividend total is kept at 6.845p with a net final of 4.32p.

	1976 £m.	1975* £m.
Premium income	1,148.9	1,021.5
Investment income	123.9	113.3
Life profits	7.9	6.5
Underwriting loss	39.6	119.1
Share associates loss	—	1.8
Loan interest	21.7	26.0
Profit before tax	47.3	†15.8
Tax and minorities	17.2	‡18.4
Attributable	30.1	3.4
Dividends	21.4	21.4
To reserves	8.7	£8.9

* Restated at rates of exchange prevailing at December 31, 1976 because of sterling fall. † Loss. ‡ Credit. § From reserves.

See Lex

Good start by Y. J. Lovell

BUILDERS, DEVELOPERS and timber importers, Y. J. Lovell (Holdings), has started the current year in good shape and on a sufficiently sound base to weather worse storms than those blowing at the moment, says Mr. Peter Trench, chairman.

Following the declared policy of not taking unprofitable work the group is unlikely to avoid a brake on turnover growth in the U.K. It remains to be seen whether this can be counterbalanced in overseas markets.

Mr. Trench believes "we shall see the light at the end of the tunnel in 1978 but on present showing not before 1979 will the U.K. construction market return to one of growth and buoyancy."

Its shape then could be different from that of the past with a smaller industry called upon to carry out a greater volume of work in sectors proportionally different from those of the past decade.

"We are preparing ourselves for that change," he states.

As reported pre-tax profit rose from £1,362,000 to a record £1,525,000 for the year to September 30, 1976. The annual net dividend is lifted from 3.24615p to 3.45p a share.

Mr. Trench now says that against a background of economic turmoil not only should inflation and the impetus of previous years be considered in the results but also the not inconsiderable costs of breaking into overseas markets. All these have adversely affected group profits but every division in the broadly-based group performed admirably and all contributed to the year's success.

An analysis of pre-tax profit and turnover shows (£000): building and allied trades £869 and £40,309 (£918 and £33,876): timber importing and merchanting £633 and £7,906 (£436 and £6,369).

Adjusted for inflation accounting, turnover in the year amounted to £30.85m. and pre-tax profit to £1.47m.

Work in progress, development land and stocks increased from £406,000 to £3,871,000.

Static year for Merchants Warehousing

After an increase in interest on short-term deposits from £10,115 to £31,785, pre-tax profits of the Dublin based Merchants Warehousing Company improved from £198,419 to £214,819 in the 24 weeks to December 11, 1976, but the directors warn that full year profits are unlikely to improve on the £375,798 achieved in 1975-76.

There has been no improvement in the grain department but a cost reduction exercise is presently under way in an effort to meet competitive elements.

Cold storage is somewhat reduced against 1975, which was an exceptional period but business in this department is reasonably satisfactory.

	24 weeks 1976 £	1975 £
Trading profit	183,034	188,304
Interest received	31,785	10,115
Pre-tax profits	214,819	198,419
Tax	107,000	99,000
Development grants	15,741	10,500
Making	123,560	110,219
Interim dividend	19,300	19,300

Sedgwick Forbes up 61% to £16.77m.

ANNOUNCING a 61 per cent. increase in 1976 pre-tax profit to £16.77m., Mr. I. H. Findlay, chairman of Sedgwick Forbes Holdings, says that prospects for 1977 of each of the principal companies are encouraging although some of the factors which influenced the high growth in 1976 may have less impact.

Nevertheless the underlying trends and prospects continue to be good, he adds.

A contributory factor to the year's results was the weakness of sterling—calculated by reference to depreciation from the Smithsonian parity, the extent of the addition was about £2m., compared with £0.75m.

Because of high inflation the pension fund has been supplemented by £1.2m. which has been charged to the profit and loss account. Should inflation continue at a high level, it may be necessary to make a further payment at the end of this year, Mr. Findlay says.

Stated earnings per 10p share are up from 14.1p to 23.2p for 1976. The final dividend is 5.09p net for a total of 8.59p (7.81p).

Having reached normal retirement age, Mr. Findlay will be leaving the Board at the end of 1977. He will be succeeded by Mr. P. T. Wright.

As a further part of planning for the future, the Board has appointed Mr. E. D. Armstrong as an additional deputy chairman from January 1, 1977.

	1976 £000	1975 £000
Revenue	51,123	36,515
Expenses	34,633	26,426
Share Assoc.	277	295
Profit before tax	16,767	10,384
Taxation	8,816	5,539
Net profit	7,951	4,845
Minority interests	855	540
Attributable	7,086	4,305
Dividends	2,614	2,377
Retained	4,442	1,928

During the year the company continued its policy of consolidation and development. New companies in the Middle and Far East have established a sound base for growth; a new broking company has been registered in Iran which, the chairman believes, has excellent prospects.

Other developments include a joint venture in Brazil with Porto, Nazareth, SA, and an interest in the Belgium firm of Thilly and Rittweger.

Regis Underwriting Agencies has been formed to underwrite for The Sumitomo Marine and Fire Insurance Company (Europe), The New India Assurance Company and The South British Insurance Company of Auckland, New Zealand.

On a cautious note the chairman says that the future prosperity of the U.K.-based companies of the group, with their high proportion of overseas business, is bound up with the well-being of Lloyd's and the whole London international insurance market. This in turn depends not only upon the quality of the services rendered but also, as a prior condition, upon the confidence reposed in the London market by overseas customers in general.

In 1976 capital expenditure of £2.63m. for the construction of new office premises was authorised and contracted for.

A statement of source and application of funds shows an increase in net working assets of £10.25m. (£3.5m. decrease).

Meeting, 33 Aldgate High Street, E.C., March 24, noon.

See Lex

City and Foreign Investments

Reflecting the inclusion of a loan of $US2m. as a current liability, as the facility for it expires on June 6, 1977, assets less current liabilities of City and Foreign Investment Company at the end of December, 1976, stood at £3.13m. against £3.08m. If the loan had remained a long-term liability, total assets less current liabilities would have shown an increase to £4.31m., the directors state.

Net asset value per 25p share at the year end was 73p (40p).

The company registered a revenue shortfall of £4,545 in 1976, compared with a surplus of £3,430 after tax of £2,785 (£993).

There will be no Ordinary dividend (same).

80% rise at Abel Morrall

ON SALES 22 per cent. ahead at £5.63m. against £4.61m., of which nearly 44 per cent. was exported, pre-tax profit of Abel Morrall for 1976 rose 80 per cent. from £375,000 to £674,000. The whole of the increase has been financed by internally generated funds, the directors state.

Stated earnings advanced 123 per cent. from 2.72p to 6.06p, and the dividend is lifted from 1.989p to 2.166p with a final of 1.65p net per 25p share.

Tax charge was £355,000 (£198,000).

At halfway, the company, which manufactures needles and general smallwares, reported doubled pre-tax profits of £219,933 against £106,800.

Alcan Booth recovers

AFTER RETURNING to profit at halftime—with an attributable net balance of £76,000 (£927,000 loss)—Alcan Booth Industries recovered further in the second half and for the whole of 1976 has turned in an attributable profit of £2.5m., against a loss of £2.4m.

The group (owned 75 per cent. by Alcan Aluminium (U.K.) and 25 per cent. by Kaiser Aluminium and Chemical International Company) state that 1976 was a much improved year with demand for aluminium semi-fabricated products 19 per cent. above 1975 levels. Market conditions allowed some improvement in operating margins.

Increased volumes combined with higher prices moved sales up to £149m. (£112m.) and transformed a pre-tax loss of £4.3m. into a profit of £3.8m. for 1976.

Capital investment was restricted to £2.5m. resulting largely from decision taken during the very difficult trading conditions of 1975. Investment will be increased considerably during 1977.

Earnings are shown to be 11.45p (5.86p) per 25p deferred share.

After a tax charge for the year of £109,247 the net profit emerged at £114,516.

Tankfreight, a subsidiary of National Freight Corporation, owns 80 per cent. of company and Felixstowe Dock and Railway 20 per cent.

Principal activities of company are operation of storage and transit facilities for bulk liquid imported and exported and the leasing of land and buildings.

£0.22m. for Felixstowe Tank Devs.

Pre-tax profit of Felixstowe Tank Developments for 1976, was £223,763 compared with £68,495 for the six months ended December 31, 1975. Profit at halfway was £111,163.

Slight fall at Fox's Biscuits

Pre-tax profit of Fox's Biscuits slipped from £463,148 to £435,570 in the 26 weeks to November 20, 1976, on turnover higher at £6.35m. compared with £5.78m. The directors state that volume sales have been maintained, but profits have not benefited from the favourable material prices enjoyed last year.

	Half-year 1976 £	1975 £
Turnover	6,350,432	5,777,846
Depreciation	177,504	153,461
Interest	20,711	*1,297
Profit before tax	435,570	463,148
Taxation	227,000	242,000
Net profit	208,570	221,148

* Credit.

Earnings are down from 8.92p (adjusted for scrip issue) to 8.41p. The interim dividend is 0.825p net per 25p share, against 0.75p adjusted. The total last year was 1.8992p after adjustment, from pre-tax profits of £753,157.

New company for credit management

To help industry increase the availability of working capital, a new company, Industrial and Mercantile Credit Management has been formed by the Charterhouse Group and P.A. International.

The chairman, Mr. Michael Gerrish, said that 1977 would be a challenging year for credit managers. The average length of credit extended would be dramatically reduced. New credit procedures would gather momentum particularly those being introduced by the major companies, leading to more swift and decisive action being implemented by companies of all sizes.

Companies would also be hit by the increased Writ fees in the High Court (£15 to £20) and the additional increases in the County Court.

The average length of credit extended by industry was 68 days which, for most companies, represented between 11 per cent. and 25 per cent. of turnover. It was estimated that a reduction of credit from 68 to 30 days would inject a minimum £450m. cash into UK manufacturing industry.

Development Securities position

Clearance from the Inland Revenue is still necessary before proposals for the future of Development Securities, the group which sold the Dorchester Hotel for £8m., can be put to shareholders.

Some form of distribution to shareholders was indicated last November when, following a one-day rise of 83p to 300p in the share price, the listing was suspended at the company's request and an investigation into dealings, also at the company's request, was commenced. The Stock Exchange Inquiry into dealings is nearing completion.

In its last published balance sheet, for October 1975, Development Securities showed quoted investments worth over £7.9m., including 2.2 per cent. of the issued capital of Prudential Assurance. The Dorchester Hotel investment had been acquired for £2.2m. in 1937.

Speculation on a cash distribution to shareholders or an institutional takeover led to the sharp rise in the share price before last year's suspension of dealings.

But a statement from the group yesterday said that examination of the various proposals had been a lengthy process because of complex legal and taxation factors. In particular, the board said that it would be necessary to get clearance for the proposals from the Inland Revenue before they could be put to shareholders.

"Alternative proposals" had now been put to the Inland Revenue and it was hoped that clearance would be received shortly. Shareholders were advised to hold their investment until a "more definite statement can be made."

Drayton Premier Inv.

There is now greater hope in international markets of reasonable economic growth in 1977 without a resurgence of inflation, says Mr. Philip Shelbourne, the chairman of Drayton Premier Investment Trust. He believes that the spread of investments by world markets is in the best interests of shareholders and that this policy should continue.

Total revenue increased by 6.9 per cent. to £4.25m. during 1976, and earnings per 25p share increased from 5.99p to 6.42p. Total dividends were lifted from 5.4p net to 6p (as reported on February 91.

Total assets less current liabilities at the year-end were £77.6m. against £78.3m., the fall reflecting the inclusion of the dollar loan as a current liability as the facility expires on October 3, 1977. If the dollar loan had remained a long-term liability, total assets less current liabilities would have increased to £80.4m., says Mr. Shelbourne.

He adds that during the year the company benefited from the spread of overseas investment, with the principal markets showing rises between 17 and 20 per cent., compared with the decline in the U.K. of 4 per cent.

Liquidity increased by £0.45m., against a decrease of £2.09m.

Meeting, 117, Old Broad Street, EC, March 23 at noon.

Gt. Northern sees modest growth

A modest growth in the revenue of Great Northern Investment Trust is anticipated by the Viscount Weir, the chairman, in his statement for the year to November 30, 1976. He says that this growth should result, in part, from the wider geographical spread of the investment portfolio.

In the year under review, the trust made a steady pre-tax revenue of £2.83m. against £2.8m and paid dividends totalling 3.45p against 3.24p per 25p share (as reported on January 18). This is a better outcome than expected, the chairman says, in view of the switch of funds from deposit to longer term investments.

Investment policy continues to focus on increasing and redeploying overseas investments, members are told. An additional £1.8m. was invested in the U.S. during the year, and realisations of £0.9m. and £0.4m. respectively were made in Canada and Australia.

The chairman says that the trust's approach to investment in the U.K., which still accounts for more than 70 per cent. of funds, concentrates on companies with prospects of achieving above average growth despite the problems of the U.K. economy, and which have strong overseas interests.

He adds his support for the proposal that consideration might be given to permitting investment trusts to buy in their Ordinary shares, as a response to the fact that many trusts stand at a discount to their underlying assets.

Prudential Assurance Co. holds more than 10 per cent. of the capital.

Meeting, Glasgow, March 21, at noon.

Wearra Group off to good start

Mr. A. J. Harris, chairman of footwear manufacturers Wearra Group, told shareholders at the AGM that the company was now well established in its export markets in North America, certain Middle East and African countries, and Scandinavia, and was consolidating its position. Strenuous efforts were being made to develop worthwhile business in certain other countries, including the Common Market, which was seen as the market of the future.

For the first four months of the current year, exports were double that of the comparable period last year and should be well in excess of £1m. for the 12 months.

Internal accounts for the first quarter showed a substantial improvement. The factories continued to be busy and first half results should be considerably advanced over last year.

Mr. Harris said that the Government appeared to be taking some action against imports of dumped footwear in the U.K., and even if this took some time to become effective, it would eliminate some of the unfair competition.

"We look to the future with more confidence than we have been able to do in the recent past," he adds.

KINLOCH PROVISION

Booker McConnell announces that its subsidiary Kinloch Provision Merchants will shortly be putting to the holders of the 8¼ per cent. Unsecured loan stock 1988-93 a proposal that the stock be redeemed in cash at £86 per £100 nominal together with accrued interest (less tax).

A meeting of holders will be convened shortly to approve the necessary resolution.

Campari well up after 7 months

-TAX profit of Campari for seven months to end December 1976 at £729,035, compared £280,000, is only £163,788 w the record £886,823 earned be previous year.

The directors report that trading continues to be very satisfactory helped by retailers re-stocking after last year's hot summer. Turnover for the seven months £7,011,006, against £4,683,000. Tax took £367,000 (£141,000). The net interim dividend is ped up from 0.858p to 0.888p. Year's total was 1.64242p. Subject to relaxation of Government policy, the directors plan to the gross total from 2.5268p 25p.

As part of a plan to market the company's products throughout Europe by the end of 1979, a Irish subsidiary is being set up, directors state.

The company imports and distributes leisure, camping and ing equipment.

Comment

recovery Campari showed in second half last year has been confirmed in the first of this, and the stock market is still looking for only £1.1m. to £1.2m. for full year. But a mere repetition of last year's second half would mean £1.3m. and reasonable improvement could take the figure nearer £1.5m. At this level, shares at 52p would be on a prospective p/e of 4.4 which could be cheap for a company which such potential for product and geographical growth. But there is some reason for caution: the recent history has been erratic and has shown how vulnerable the company can be to politics (in this case a rise in the VAT on boats). The method of operation leaves a standing hostage to fortune in that Campari guarantees that it will take off the production of its suppliers. On the other hand, the increasing range of products (soon to be extended to sports equipment) and the flexibility of the suppliers to change from making tents to, say, leisure outerwear, should gradually improve the stability of profits. The prospective yield is 5.4 per cent.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims: Diploma Investments, Kamunting Tin Dredging, Southern Kinta Consolidated, Stocklake Holdings.

Finals: Allen Harvey and Ross, BTR, City and Commercial Investment Trust, Derek Crouch (Contractors), Davies and Metcalfe, Family Investment Trust, First Scottish American Trust, National Westminster Bank, Rentokil, Royal Insurance, Unilever, Unilever NV.

FUTURE DATES

Interims:—

Boazer (C. H.)	March 7
Eleco	March 16
Sandhurst Marketing	March 7
Walker (Thomas)	March 3
Wolseley-Hughes	March 17

Finals:—

Bridon	March 31
Clarke (T.)	March 10
Francis Industries	March 7
Greenfield Millets	March 8
Jevons Cooper	March 2
Moorside Trust	March 2
Raleigh Industries	March 30
Squirrel Horn	March 3
Tomatin Distillers	March 22

Excalibur improves at halfway

FOLLOWING A second half 1975-76 drop in taxable profit of £91,532 to £265,753, watch bracelet and jewellery manufacturers Excalibur Jewellery improved by £29,908 to £382,055 for the half year ended October 31, 1976. Sales were better at £2.2m. against £1.95m.

Stated earnings per 5p share were up at 1.26p (1.2p) and the interim dividend is raised to 0.2358p (0.2142p). Last year payments totalling 0.4288p were paid from profit of £617,900. For the current year the directors forecast results at least equal to those of 1975-76.

Tax for the first six months took £198,668 (£183,116) leaving a net balance of £183,387 (£169,031).

EGA sees at least £1.13m.

PROFITS at EGA Holdings in the six months to October 31, 1976, rose by £11,000 to £525,000 on sales ahead from £3.24m. to £4m. The directors say they anticipate the fulltime figures will not be less than the £1.13m. for 1975-76.

They comment that the first half improvement was small because of difficult trading conditions in the engineering division but this was offset by an increase in overseas earnings.

Stated earnings per 10p share were 4.7p (4.6p) and the interim dividend is raised to 0.5p net (0.4125p). Last year payments totalled 1.6498p.

Tax for the first six months took £246,000 (£254,000) leaving £279,000 (£260,000).

The company has interests in the manufacture of plastic components for the electrical industry, precision engineering and constructional steelwork.

	Half-year 1976-77 £000	1975-76 £000
Sales (ex VAT)	4,000	3,239
Trading profit	603	595
Depreciation	78	81
Pre-tax profit	525	514
Net profit	279	260
Minorities	3	5
Dividend	31	24
Retained	245	231
Tax	246	254

Tate & Lyle —Manbre

The directors of Manbré and Garton announce that at separate meetings of the holdera of the 6¼ per cent. and 8¼ per cent. unsecured loan stock 2003-2008, of Manbré, extraordinary resolutions concerning e scheme under which holders would receive in exchange for their holdings a like amount of new unsecured loan stock of Tate and Lyle were passed. The scheme is effective on April 1.

I. & J. HYMAN BUYS FEATHERTRED

I. and J. Hyman has acquired 55 per cent. of the capital of Feathertred for £19,625 cash. The adjusted tangible assets of Feathertred at June 30, 1976 were in the region of £50,000.

Hyman is engaged in the manufacture and conversion of plastic foam and this purchase of shares represents its first acquisition since the takeover of Foam Marketing in 1974.

ASSOCIATES DEALS

McAnally, Montgomery and Company on instructions of clients Cntsem and associates, who are acting as associates of C. H. Industrials, bought 15,000 Beaver Group at 44½p after hours on February 23.

Capel-Cure Myers on February 25 sold 65,000 C. H. Industrials at 26p on behalf of discretionary investment clients of Keyser Ullmann.

Cazenove and Company purchased on behalf of Hambros, as an associate of Dowty Group 5,000 Ultra Electronic at 190p, 2,500 at 200p, 2,500 at 205p and 30,000 at 210p.

MONEY MARKET

Interest rates decline

Bank of England Minimum Lending Rate 12 per cent. (since February 3, 1977)

[illegible]ed period interest rates were [illegible] in the London money [market] yesterday, with discount [house]s buying rates for three-[month] Treasury bills falling [to] 10¾ per cent. in places, [indic]ating the possibility of a [furth]er widening between Bank [of] England Minimum Lending [Rate] and the suspended market [relate]d formula. Interest rates [for] periods of longer than six [mont]hs showed the largest decline [and] this may have reflected the renewed strength of the pound in foreign exchange markets.

Day-to-day credit was in short supply and the authorities gave assistance by buying a moderate amount of Treasury bills from the discount houses and small numbers of local authority bills and eligible bank bills. The Bank of England also lent an exceptionally large amount overnight, at Minimum Lending Rate, to seven or eight houses.

Banks brought forward large surplus balances from Friday, and very substantial Government disbursements exceeded revenue payments to the Exchequer. On the other hand there was a modest net market take-up of Treasury bills, a modest rise in the note circulation, and repayment of the exceptionally large advances made to the market on Friday.

Discount houses paid 11½-12 per cent. for secured call loans, and closing balances were taken at 11-11½ per cent.

In the interbank market overnight loans opened at 11½-11¾ per cent., touched e high point of 13 per cent., but closed at around 5 per cent.

Rates in the table below are nominal in some cases.

[Feb.] 28 [1]977	Sterling Certificates of deposits	Interbank	Local Authority deposits*	Local Auth. negotiable bonds	Finance House Deposit	Company deposits	Discount market deposits	Treasury bills ⊕	Eligible Bank Bills ⊕	Fine trade Bills ⊕
[Overni]ght	—	8-13	—	—	—	11¾-12	11-12	—	—	—
[2 days] notice	—	—	11⅞	—	—	—	—	—	—	—
[7 days] or [7 days] notice	—	11⅝-12	11⅞-12	—	11⅞-12¼	—	11¾-11⅞	—	—	—
[One m]onth	11⅝-11½	11⅝-11¾	11¾	12-11½	11⅝-12¼	—	11¼	10½	11⅝-11½	12¼-12
[Two m]onths	[illegible]	[illegible]	—	12-11½	11⅝-12⅛	—	11	10¾-10⅞	11¼	11¼-11⅞
[Three m]onths	[illegible]	11⅝-11½	11½-11¾	12-11½	11⅝-12	—	10⅞-10[illegible]	10¾-10[illegible]	10⅞-10[illegible]	11¼-11¾
[Six mo]nths	[illegible]-10⅞	11-11[illegible]	11½-11⅝	11¾-11½	11½-12	—	—	—	[illegible]	11¼-11⅝
[Nine m]onths	11-10⅞	11-11[illegible]	—	12-11½	12	—	—	—	—	—
[One ye]ar	11-10⅞	10⅞-11[illegible]	12⅝-12⅞	12-11½	12	—	—	—	—	—
[Two ye]ars	—	—	13⅝	—	—	—	—	—	—	—

[Loc]al authority and finance houses seven days' notice, others seven days fixed. * Longer-term local authority mortgage [rates] nominally three years 13½-14 per cent.; four years 13½-14 per cent.; five years 13½-14 per cent. ⊕ Bank bill rates in [table a]re buying rates for prime paper. Buying rates for four-month bank bills 10 13/16-10 11/16 per cent.; four-month trade bills [illegible] per cent.

[Ap]proximate selling rate for one-month Treasury bills 10 17/32 per cent.; two-month 10[illegible] per cent.; and three-month [illegible] per cent. Approximate selling rate for one-month bank bills 11½-11[illegible] per cent.; two-month 11[illegible] per cent.; and [three-]month 10[illegible]-10 11/16 per cent.; one-month trade bills 12½-11[illegible] per cent.; two-month 12½-11[illegible] per cent.; and also three-month [illegible] per cent.

[Fin]ance House Rates (published by the Finance Houses Association) 13 per cent. from March 1, 1977. Clearing Bank [Deposit] Rates for small sums at seven days' notice 8 per cent. Clearing Bank Base Rates for lending 11½ per cent. Treasury [bills: Ave]rage tender rates of discount 10.7682 per cent.

MINING NEWS

Profit steady at Rio Algom

BY PAUL CHEESERIGHT

THANKS TO a sharp increase in the earnings of the Lornex copper-molybdenum operation, the Rio Tinto-Zinc group's Canadian arm, Rio Algom, managed to hold its earnings steady last year. Rio Algom owns 66.5 per cent. of Lornex. But the boom in uranium prices is not yet fully reflected in the profits.

Rio Algom had 1976 net profits of $C31.62m. (£17.7m.) or $C2.29 a share, compared with $C30m. or $C2.28 a share the year before, when fewer shares were outstanding. Revenue was $C401.6m. (£225m.) against $C367.3m. in 1975.

With such a narrow margin between the figures for the last two years it is clear that had Lornex not been able to gain the benefits of a more congenial tax system in British Columbia, higher copper production and better prices, the Rio Algom 1976 figures would have been worse than in 1975. Lornex had net profits last year of $C15.9m. compared with $C626,000 the year before.

But there have been no such benefits from uranium, the prospects for which are sufficiently encouraging for Rio Algom to have embarked on ambitious expansion plans at Elliott Lake. Consolidated revenue from uranium was slightly below 1975 and earnings were significantly lower.

Uranium revenue in 1975 was $C93.4m. and contributed nearly two-thirds of the group's mining revenue. In both 1973 and 1974 Rio Algom had earned more from copper and associated metals than from uranium.

The problem last year was that the spot prices for uranium oxide, quoted at $40 a pound or more, have not been applicable to Rio Algom's supply contracts. In 1975, in any case, there were benefits from two spot sales.

Uranium earnings were lower, Rio Algom explains, "because price escalation formulae in long term contracts and renegotiation of some contract prices were not sufficient to offset somewhat lower grades and substantially higher mine operating costs."

The immediate prospects for uranium sales have been confused by the failure of some countries comprising the main markets for Canadian uranium, to reach nuclear safeguard agreements with the Canadian Government. Shipments to Japan, for example, were stopped at the beginning of the year. Japan has now, however, submitted new proposals to Ottawa, with the aim of ensuring a resumption of shipments.

More positively for Rio Algom, there was some gain last year from reduced income and mining taxes. Net interest charges were also lower. Revenue from steel operations was slightly higher than in 1975 but earnings were reduced by the pressure of costs on margins and a strike at one of the Atlas Steel plants.

Preston Mines, which is 81 per cent. owned by RTZ, holds 43.8 per cent. of Rio Algom. earnings were ... (£7.5m.) compared ... $Can.12.8m. in 1975. ... 51 per cent. of Rio ... were 6p higher yesterday.

BHP GLOOMY ... SALES UPSURGE

The leading Australian ... and industrial group, ... Proprietary, sees no ... upsurge in mineral ... interim report states ... general world ... continue to restrict ...

Looking to the ... however, BHP states ... has been started on the ... of feasibility studies ... Tedi copper prospect ... New Guinea. BHP ... stake in a joint venture ... subsidiary of ... (Indiana) called ... Development and a German ... sortium, Kupferexploration ...

BHP is pressing ... plans to bring the ... cut coal mine in Queensland ... production by 1979 and ... orders for three drag ... final approval of the ... depends on export orders ... availability of finance.

In New South Wales ... venture with the U.S. ... Amax, at the Boggabri ... pect, has reached the ... drilling work is being ... trated on an area ... have potential for mine ... ment.

Earlier this month ... announced net profits for ... year to last November ... (£28.1m.) against ... same period of 1975. ... 575p yesterday.

ROUND-UP

Subscriptions have been received for 97.3 per cent. ... shares offered by the ... American Corporation ... ing gold mine in South ... Elandsrand. The balance ... taken up by the underwriters ... offer was 125 shares for ... held at a price of R2.20 ... was to raise about R80m. ...

* * *

The south sub-vertical ... General Mining's Buffels... gold mine in South Africa ... been out of action since ... when a loaded ore-skip fell ... the shaft. Repairs are expected ... take until early next week ... shaft accounts for some ... cent. of Buffels' production ... Workers have been moved ... other areas to help maintain ... duction.

* * *

In the U.S., the Federal ... Commission has approved ... application from Kennecott ... per to sell two mines owned ... its Peabody Coal subsidiary ... Utah Power and Light. Ke... is disposing of Peabody ... FTC anti-trust rulings.

RTZ seeks Indonesian deal

THE INDONESIAN Government and the Rio Tinto-Zinc group will soon sign an agreement allowing RTZ to explore for copper and zinc in central Sulawesi, the Mining Minister, Mr. Mohammed Sadli, said in Jakarta yesterday. In London, RTZ confirmed that an accord in principle had been reached but said that the signing of an agreement would be some months off.

The understanding between the Government and RTZ was reached in talks last week, but the details have not been settled. Discussions took place spasmodically throughout last year. The lengthy negotiations have been necessary because of the need to find a mutually acceptable regime for any mining operation which might follow a successful exploration.

The RTZ company involved is P.T. Rio Tinto Indonesia, a joint venture between RTZ of London and Conzinc Rio Tinto of Australia. The nature of its understanding or the degree of its financial commitment to the Indonesian project are not yet known.

Reports from Jakarta indicate that considerable significance is placed on the talks with RTZ because any agreement signed would be the first under what is called "the third generation" mining contract, a fabric of regulations introduced last autumn to control the State's relationship with mining companies. But RTZ does not see itself as a trail-blazer.

The absence of such regulations since late 1972 has resulted in very sluggish foreign interest in Indonesian mining wealth. The new regulations are flexible and this would make it likely that RTZ's discussions were directed towards clarifying the proportion of foreign earnings that would be held under Indonesian central bank supervision, the level of export taxes and possibly ... tent of local equity holding.

In the event of RTZ ... any investment in Indonesia ... would presumably be covered ... a U.K.-Indonesia agreement ... in April last year. This ... for the security and protection ... investments made by ... one country in the territory ... the other.

KALGOORLIE SOUTHERN

The Melbourne exploration ... pany, Kalgoorlie Southern ... Mines, which has been se... for an extension of the ... Mile in Western Australia ... acquired more ground ... to its existing leases and ... its exploration interests.

Kalgoorlie's exploration ... managed by Western ... which holds a 30.8 per cent. ... in the company. Western ... reports that the acquisition ... is considered favourable ... elements of the Kalgoorlie ... graphy are known to be ... It is relatively close to the ... Fault and is on the same ... of the Fault as the Golden ...

The acquisition could be ... lease of life for Kalgoorlie ... Southern, which last De... confessed that its funds ... nearly exhausted. It is ... posing to postpone the ... shares which had been ... because of the non-pay... a first call of 10 cents ... first announced last Nov... The auction is postponed ... March 23 to allow shareholders ... redeem their shares.

In December it was ... Western Mining was ... contribute to the call ... had been a similar ... from Gold Mines of Kalgoorlie ... which owns 27.2 per cent. ... capital.

Algeria poll turn-out lower

ALGIERS, ...

SOME 78.5 per cent. of Algerian electors voted for delegates to the National Popular Assembly, according to official figures in the Algiers daily newspaper, El Moudjahid. This compares with the record 99.8 per cent. said to have voted in the presidential election last November.

In Algiers, for instance, the total hardly reached 50 per cent. and, even so, some Algerians are sceptical of the official figures. Counting is carried out behind closed doors by local officials, mostly unwilling to report unfavourable figures.

The 261 deputies had been chosen out of 783 candidates selected by a committee of the National Liberation Front Party and approved by a presidential committee. All six Ministers who stood for election were successful as were a number of ambassadors and party functionaries, but only seven women were elected.

A number of opposition ... lets had appeared in ... cities before the election ... calling for a boycott of ... but Algerian officials ... seem to take these very ... since none of the groups ... sign them represents more ... a handful of dissidents ... there is growing public ... chantment with the results ... years of independence ... socialism.

The Algerian National ... Assembly is a lawgiving ... subject to a constitution ... gives the President ... absolute powers. However ... lic debate cannot fail to ... ficial after 12 years of ... ment by decree.

A ministerial shake-up ... inevitable since the constitution ... forbids duplication of ... functions and new Ministers ... Finance, Commerce, ... Public Works, War Veterans ... Youth and Sports will ... be appointed.

BIDS AND DEALS

GRE takes 14.7% stake in London Trust

NDON TRUST, a major lependent investment trust, has nounced that Guardian Royal change Assurance and its sub- liaries now own 3,009,390 linary shares in the company, iounting to 14.665 per cent. of stock in issue.

Apparently this was conveyed letter to London Trust by GRE. London Trust has assumed it there ie no sinister signifi- nce in the investment build-up. t London Trust (with assets of und £50m.) has been the focus bid rumours in the past few eks and over the past week the ce has risen by 9p to 164p—up yesterday. The discount has o narrowed to around the 18 cent. mark whoreas 30 per it. would more reflect the rm for the sector.

The intriguing point about GRE that it already has a record acquisition in the investment ist sector, following its takeover Metropolitan in 1973. This is l the most recent major deal the investment trust field. But E's current stance is that it s no present intention of lding for London and has built its holding purely on an estment basis.

GRAFF TOPS £0.6M. AT HALFTIME

Minority shareholders in Graff monds, subject in a 28p a re unconditional bid from ndstar, a private company ned by Mr. and Mrs. Laurence iff, are told in e letter that a ximum permissible final divi- id of 1.04p will be paid for year ended June 1977 and t pre-tax profits for the six nths to December 31 were np m £233,000 to £660,000.

A previoua sebeme of arrange- nt to acquire the 28 per cent. already owned by Sandatar l tho Graffs shares was scrap- l following protest from small reholders.

The half-timo profits are struck r a stock provision of £45,000, pared with £138,000. Profits the month ef January were 5,000 against £75,000 in Janu- 1976.

The final dividend forecast of p net brings the total for year to 2.54p net. The interim ment of 1.5p, previously con- onal on the original scheme ng ahead, bas already been d to shareholders.

Shareholders are warned by ff that "the smaller the nber of shares remaining out- nding the less marketable are b shares likely to be and if h number became minimal re might ultimately cease to be a Stock Exchange listing for the shares of the company."

Despite the fact that a final dividend of 1.04p will be paid this year, Graff says that "the position in future years regarding payment of dividends will depend on the circumstances then pre- vailing."

Directors, excluding Mr. and Mrs. Graff, have accepted for 7 per cent, of the outstanding shares and associates of Hambros Bank have indieated their inten- tions to sell for a further 38.6 per cent.

The offer is due to close on March 21. In conclusion Graff says that "it may be that some shareholders are prepared to occept tho risks arising from the changed nature of the company'a business and its dopondence on one man, but the view of Ham- bros Bank is that on balance the interests of mpst shareholders will be best served by accepting the terma offored by Sandstar."

ULTRA BOARD SUPPORT DOWTY

The Board of Ultra Electronics have como out in support of Dowty Group's £8.88m. bid for the company. A lettor will be sent ont to-day, recommending accept- ance of tho bid.

Earlier in the day its was an- nounced that Racal Eloetronics, which had withdrawn its own £7.4m. cash bid, had sold its 27 per ceat. staka in Ultra to Dowty at 210p a ahare, for a £1m. profit, bringing Dowty's holding up to 40.9 per cent. The Ultra Board holds an insignificant amount.

Yesterday Ultra's shares moved 1p higher to 210p, in line with the Dowty cash hid but 12p below the value of the Dowty ahare offer worth 222p pn the basis of the two-for-one terms indicated.

HME—GOLDEN HOPE

Harrisons Malaysian Estates acquired on February 28, 2,849,545 Goldon Hope Plantations shares under the offer dated January 17, therehy increasing its interest tn 30,862,518 shares (60.7 per cent.).

Following acceptance of tho offer Harrisons and Crosfield no lenger has an interest in Golden Hope (7,368,892 shares—14.49 per cent.). HME similarly acquired 2,731,086 London Asiatic Rubber and Prodnce ahares increasing its interest to 28,298,994 shares (56.93 per cent.). H and C no longer has an interest (5,130,589 shares—14.8 per cent).

HME similarly acquired 1,648,442 Pataling Rubber Estates shares increasing its interest to 23,861,278 ahares (73.57 per cent.). H and C no longer haa an interest (4,886,948 shares—15 per cent.).

The HME Board has been noti- fiod that Harrisons and Crosfield were intereated jp 24,555,252 Har- risons Malaysian Estates sbares on February 9 and that as a re- sult of purchasea of 1,204,200 shares they are now interested in 23,737,452 shares.

WM. HUDSON MINORITY HOLDERS GET TOGETHER

A number of minority share- bolders in Williams Hudson Group have formod a company called "Minority Shareholders of Williams Hudson Group." The promoters of the company say they are of the opinion that the offer of 25p a share from Mr. David Rowland's Argo Group SA is unacceptable to a significant pnmber of people. They ask sharoholders with a similer opinion to contact them at 206, High Road, Woodford Greon, Essex (Thel.: 01-505 6146).

REED AND MALLIK FORECAST

Reed and Mallik, the civil on- gineering company which is subject to an unwanted takeover hid from Hamfiborne, is forecast- ing pre-tax profits of not leas than £200,000 for the year to April 30, 1977, compared with £194,444 last year. On this basis tho Board intends to pay a final dividend of 1.3125p not per share, which will make the total for the year of 1.8p. (1976 0.8125p).

Reed and Mallik describes the bid, in a letter to shareholders, as "a blatant piece of financial noportunism" which will produce no advantage for Reed and Mallik.

£3M. PURCHASE BY TELEFUSION

In a deal worth some £3m. Telefusion, the Blackpool-based tolevision rental and retail group, announces that it has purchased from Focos Television Rentals the 19 branches operatod in Yorkshire and the Midlands, together with related rental agreemonts, stocks and sundry assets.

The consideration will he paid aa to 50 per cent. now, 25 per cent. on May 31, 1977, and the balance on August 31, 1977.

Telofusion already operates 68 branches in Yorkshire and the Midlands and this acquisition represents a logical expansion of existing business in these areas, bringing resultant benefits from the wider coverage, the company says.

CRODA EXPANDS

Croda International has aceuired tho capital of Thornley and Knight, makers of specialised paints for vehicles and vehicle bodies.

Thornley will continue to operate under its present manage- ment from its site in Birmingham. The acquisition represents less than 5 per cent. of Croda's assets.

Raine's 90p for Sheffield Brick

Raine Engineering Industriea, which already owns or controls 198,280 Ordinary shares (20.1 per cent.) of Sheffield Brick Group, is to bid for tho remainder. The terms are four Raine Ordinary shares plus 24p cash for each Sheffiold Brick Ordinary shara, which at yesterday's closing prices is equivalent to 90p per SB sharo and values Sheffield Brick at £888,390. Sheffield Brick Ordinery shares rose 15p to 90p yesterday.

Sheffield Brick is being advised by County Bank.

Raine also announced its results for the half year to end December 1976 yesterday. Sales rose from £4.71m. to £6.35m., and pre-tax profit was up from £327,000 to £395,000, after intereat of £155,000 (£79,000), and investment income of £14,000 (£13,000). Tax took £203,000 (£168,000).

The directors state that during the opening weeks of the second half, a good level of activity has been maintalned and order books remain healthy.

The interim dividend is 0.286p net per 10p share compared with 0.26p adjusted for last year'a scrip issue. The total last year wes equal to 0.78p. New Raine shares to be issued in connoction with the hid will rank for the interim dividend.

● comment

On the face of it, Raine Engineer- ing has come up with a 35 per cent. saloa growth matched by the same advance at the trading lovol and a 21 per cent. pre-tax increase. But, excluding the housebuilding acquisition, Hassall, from the equation, tho rump haa shown nil growth. The bid for Sheffield Brick, therefore, must ho considered as conaolidation of the diversification programme, sinco the intention is that SB will supply Hassall, which on last year's figures, could produce a third of the year's profits. With Raino unwilling to project beyond those interim figures, attention must concentrale on the value of the hid, which gives SB an oxit p/e of 17.82 on an historic basis. This may well mako sense for SB, hut Raine will he acquir- ing a company whore hrick pro- duction plays, according to the chairman's last statoment "a comparatively minor role."

WINN SELLS MANN OVERTON STAKE

A major share stake in Mann Ovorton the London taxicabs and motor engineers, has changed bands, Winn Indnstries, the epgineering group that huilt np a 22 per cent. Intereat, disclosed it has now sold all its share in tho company.

Tho share stake, currently valued at around £500,000, is understood to bavo been taken up by a Guernsey-based invest- ment trust.

AGB RESEARCH PURCHASE

AGB Research has contracted with Ted Bates for the purchase of 70 per cent. of the capital of Tempo Compnter Services for £31,218 to be satisfied by the issue of 86,475 Ordinary shares.

In addition, AGB will repay a loan of £138,782 previously pro- vided as working capital by Bates.

At December 31 last Tempo bad net tangible assets of £114,000 and pre-tax profit for the year to March 31, 1976, was £21,478. The Tempo Board forocasts a pre-tax profit for the current year of not less than £26,000.

AGB may purchase 15 per cent. of Tempo in 1982. Furthermore, Mr. B. H. Shuck and Mr. A. K. Smith, who own 30 por eent. of the Tempo equity, have tho right to require AGB to purchase 15 per cent. of Tempo in 1982 and 15 per cent. in 1967.

BRISTOL PLANT —CARLTON INDS.

Carlton Industries announces that in respect of its offer for the 4,511,160 Ordinary shares of Bristol Plant not already owned accept- ances have been recelved in respect of 4,069,063 shares repre- senting 90.2 per cent. of the shares the subject of the offer. No shares bave been acquired during the offer period through the market and accordingly, taken together with the 8,883,570 Ordinary owned prior to the offer, Carlton now controls 96.7 per cent. hf Bristol.

Carlton proposea to acquire the balance compulsorily.

SHARE STAKES

Mr. J. W. Odell between Novem- her 5 and February 11 sold 200,000 Lesney Products and Co. Ordinary ahares. He is pow interested in 6,228,774 shares (21.37 per cent.).

Jorehant Holdings and its sub- sidiary have purchased between them on February 11 101,500 Ordinary shares in Longbourne Holdings, making a total holding of 227,500 shares (17.96 por cent.).

Airlie Consultants has acquired a further 30,128 Portor Chodburn shares, increasing its holding to 508,292 shares (15.7 per cent.).

London Sumatra Plantations has recelved notification of pur- chasoa by Harrisons and Cros- fielda, of 182,986 Ordinary shares, amending their intorest in tho capital of Loodon Sumatra to 3,377,504 (21.2 per cent.) Ordinary shares.

Mcleod Russel and Company holds 781,048 Bertrams shares (29.59 per ceot.), and Makum (Assam) Tea Company—a sub- sidiary of Namdang Tea Company —holds 255,840 shares (9.69 per cent.).

ICFC Gronp has incroased its interest in Estate Dutles Invest- ment Trust to 6,122,169 sharos (41.815 per cent.).

Avon Insurance Company has disposed of its holding of 15,000 4.2 per cent. cumulative "A" pre- ference shares (10 per cent.), of British Printing Corporatiea and no longer has a notifiablo holding.

Paisley has acquired 35,000 Goode Durrant aod Murray shares. Mr. W. J. Mcnoill, Mr. S. J. Coleman and Arawak Trust Company (Cayman) as joint trustees, have a non-beneficial interest in those shares.

Associated Engineering — the total number of 4.55 per cent. redeemable Preference shares acquired under the company's proposals set out in its letter of January 4, was 2,103,038 shares leaving 896,962 in issue.

The Birmingham Mint-National Transport Tokens has sold 240,000 Ordipary shares, representing 12 per cent. of the ordinary capital, to a number of separate invest- ment organisations, thoreby reducing its holding to 301,233 Ordipary shares (15 per cent.) NTT has indicated that it is not planning any further reduction in its holding.

First-year profit for Deutsch-Skand. Bank

BY GUY HAWTIN

FRANKFURT, Feb. 28.

"THE MARRIAGE OF CONVENIENCE" between Scandinavia's largest commercial bank and West Germany's largest landesbank appears to have been more successful than a good many matches. The Frankfurt-based Deutsch-Skandinavische Bank's annual report shows that it not only comfortably exceeded the initial projections of its first year's balance sheet total but it also operated at a profit.

Deutsch-Scandinavische, which is owned by the Bayerische Landesbank Girozentrale and the Skandanaviska Enskilda Bank on a 50—50 basis, started operations in January last year. Its brief was to capture a substantial share in the financing of West German-Scandinavian trade.

By the end of 1976, the bank's balance sheet total stood at DM606.7m. (£148.5m.), while its profit and loss statement showed a net of DM76,000 (£18,537). Depreciation in the first year totalled DM2.34m. and taxes amounted to DM747,960, indicating gross earnings of about DM2.3m. (£560,976).

The bank's credit volume stood at DM431.8m. of which some DM75.6m. was extended for periods of four or more years. Advances to customers for periods of less than four years totalled DM180.5m. Advances to other credit institutes totalled DM216m.

During its first year of operation the bank was heavily dependent on deposits from other banks. At the end of the first year these totalled DM519m. of which some 10 to 15 per cent. is understood to have come from the parent banks. Deposits from customers amounted to DM48.1m. —a figure which should show growth this year.

Gross interest earnings amounted to DM22.9m., while interest costs totalled DM17.6m. Net interest earnings of DM5.3m. indicate that the bank's margins were somewhat thinner than those generally prevailing in the federal republic. However, the bank's business is mainly with prime borrowers.

When the deal between Bayerische Landesbank and Skandanaviska Enskilda was announced in mid-1975, observers here felt it was a shrewd move by both the partners. For the Swedes, it represented an imaginative solution to the problems a foreign bank usually encounters in the West German market—notably that of refinancing.

For the Bavarians, partnership with the Swedes has enabled them to benefit from the Skandanaviska Enskilda's wide experience in foreign operations. It also gained them access to their partenr's impressive list of clients.

The first year's report seems a good one and potential market is enormous. West German-Swedish trade alone is worth more than DM12bn. And the new bank still has many potential customers to pick up among the 400 subsidiaries of Swedish companies operating in West Germany, not to mention German companies trading with Scandinavia.

EUROBONDS

South Korean package signed

BY MARY CAMPBELL

THE $132.9m. Euromarket tranche of the $500m. foreign currency loan package for South Korea's third nuclear power plant was signed in London yesterday. The financing for the $700m. plant includes about $200m. of equity, $131.5m. directly from Eximbank, and $116m. in British ECGD-guaranteed loans.

The package also includes $117m. from the American Private Export Funding Corporation under Eximbank guarantee. The borrowers had considered raising this part of the funds in the form of Eximbank-guaranteed bonds placed with U.S. institutional investors. They apparently rejected this option because, after allowing for the fact that PEFCO finance need not be drawn down immediately while the proceeds of bond issues have to be reinvested, the PEFCO alternative was cheaper.

The main contractors for the project are the U.S. Westinghouse and the British company, GEC Turbine Generators.

The financing has been under negotiation for between two and three years but the Eurocurrency loan was put together quite quickly. The mandate to arrange the loan was given only last autumn and the loan has been in open syndication for only a month. However, there has reportedly been a large volume of South Korean paper on the market recently, the syndication did not produce substantial additional funds and the loan managers had to meet their pre-underwriting commitments almost in full.

By the standards of to-day's market the terms of the loan are very attractive. The spread is 1⅞ percentage points and a utilisation fee of a ½ per cent. per annum is also payable. This brings the overall running yield to lenders to 2¼ per cent. above inter-bank rates. Spreads for prime borowers are currently under one per cent.

The final maturity of the loan is seven years but the average life is expected to be only 2.8 years. Draw down may be spread over as long a period of as five years and nine months and a three-quarter per cent. commitment fee is payable on the undrawn portion.

In the context of the current controversies over South Korea, a spokesman for the lead manager, the First National Bank of Chicago group, noted at the loan signing that there had not been the slightest indication of any corruption or bribery associated with this project. The financing has already been up before Congress once since the size of the Eximbank loan was so large that Congressional approval was required. It still has to be approved by Congress again in connection with the export of nuclear equipment, but no problems are expected over this.

The loan is not a project financing in the limited sense of that phrase—it will not be repaid out of the earnings of the nuclear power plant. Guaranteed by the Korean Development Bank on behalf of the Korean government, it is a sovereign risk credit.

Handelsbank payment

● THE ZURICH bank, Handelsbank NW, an affiliate of the National Westminster Group, is to pay an unchanged 12 per cent. dividend for 1976 on capital of Sw.Frs.35m. Net profits for the year increased to Sw.Frs.8.5m. (Sw.Frs.8m.). The balance sheet total went up 10 per cent. to Sw.Frs.1.08bn., with a rise in the consolidated balance sheet—including subsidiaries — from Sw.Frs.1.2bn. to Sw.Frs.1.3bn.

Property sale ends SW-Haw Par tie

BY MARGARET REID

SLATER WALKER Securities has now carried out the planned sale, as agent of the Singapore-based Haw Par Brothers International, of the Mandarin Building in Hong Kong, for HK$36m. (£4.54m.). The building has been bought from Haw Par by a subsidiary of Cheung Kong (Holdings), the Hong Kong company in which Haw Par has a 16.5 per cent. interest.

At this price, no further payment is due between Slater Walker and Haw Par.

The disposal was entrusted to Slater Walker as part of the agreement last June under which a settlement was reached over the disputed U.S.$29m. (£17m.) loan then owing to Slater Walker from Haw Par, in which it had previously had a large stake. A figure of U.S.$20.5m. (£12m.) was accepted in satisfaction of the loan.

It was also arranged that Slater Walker, which, during its withdrawal from the Far East in late-1973 had sold its big holding in Slater Walker Securities (Hong Kong) (SWSHK) to Haw Par in a controversial deal, should undertake the selling of the Mandarin Building.

The loan agreement stipulated Slater Walker would be sole agent for 18 months to sell the building for a minimum of $HK31m. If the selling price, before deduction of selling costs, proved to be more than $HK36m., the difference was to be paid to Slater Walker, while if the price was less than $HK36m., Slater Walker would make up the difference to Haw Par. On the terms agreed for the sale, these provisions call for no payment in either direction as a result of the sale — the final stage in the disengagement between Slater Walker and Haw Par.

Haw Par has received $HK3.6m. of the price: the balance is to be paid on completion, not later than October 31.

Haw Par stated that the present net book value of the building was $HK29.9m. and that an additional $HK5m. had already been credited to its capital reserve. With the net sale proceeds assumed to be $HK35.6m., about $HK0.7m. more would be added to reserves as a consequence of the sale.

The Singapore group added that about half the net sale proceeds would be used to repay bank borrowings, the rest remaining available for investment.

Rabobank's growth rate slows down

BY MICHAEL VAN OS

AMSTERDAM, Feb. 28.

CENTRALE RABOBANK, Holland's dominant co-operative banking group which specialises in agricultural lending, reports a "strong" growth of business volume in 1976 and "satisfactory" earnings, though the percentage increases have not been quite as pronounced as the year before.

It said here to-day that interest margins would probably remain under pressure. Nevertheless, there was some optimism about containing costs so that a further "balanced growth" of business volume and results looked possible.

The preliminary results show that provision for operating risks has been substantially raised as a result of the continued erosion of the financial strength of the corporate sector. In the past year, Fls.221m. has been added compared with Fls.139m. the year before.

A gross profit remains of Fls.419m., which is up 18 per cent. against a rise of 22 per cent. in 1975. After deducting taxes, Centrale Rabobank's net profit is Fls.218m. This represents an increase of 20 per cent. on the year before (22 per cent.).

Its balance sheet total amounted to Fls.50.9bn. at the end of 1976, showing a rise of 17 per cent. from the 1975 level when the increase was 20 per cent. The bank commented that operating results had easily kept pace with the growth of business volume. The slowing down of interest margin growth started in earlier years and last year saw an actual slight decline.

SWEDISH COMPANIES

KemaNord withdraws bid

BY WILLIAM DULLFORCE

STOCKHOLM,

KEMANORD, the Swedish chemicals company, has withdrawn its takeover bid for the much larger Swedish Match Group.

It announced on Saturday that the two boards had decided "to continue to investigate the possibilities for a merger or closer co-operation between the two companies."

The Boards "prefer a merger supported by both companies to a merger not fully endorsed by all parties involved." The majority of the Swedish Match board and its chief shop stewards had opposed the merger. It had also became apparent that KemaNord could not expect the backing of at least one major shareholder, the Custos Investment Company, and would not therefore obtain the 90 per cent. of the Swedish Match stock which it was aiming for.

In addition, since the offer was made in December, the Swedish Match board and management have been energetically pushing ahead with plans to restructure the group. They showed confidence in their ability to deal with their problems by announcing the appointment of a new managing director, Mr. Gunnar Dahlsten, who will take office in June. It is also understood that Swedish Match earnings recovered more than expected during the last four months of 1976, while KemaNord last week reported an anticipated 13 per cent. decline in 1976 earnings.

According to the KemaNord Press release the two boards have now instructed their managing directors to analyse further the possibilities for co-operation and a merger. The Swedish Match board has previously affirmed that all the advantages of a merger would lie with KemaNord but, of co-operation is to be seriously considered, Wilkinson Match, the British company in which Swedish Match has a 33 per cent. interest, will be at the centre of the discussion.

Swedish Match has intensified its contacts with Wilkinson Match over the last few months and has already been talking about closer co-operation in marketing, if not in other ways. Mr. Sundberg, the KemaNord managing director, has also made no secret of his interest in Wilkinson Match as a possible partner for his own company's international expansion, in particular its move away from its heavy chemicals base into the consumer goods sector.

Margins tighten at Fagersta

FAGERSTA, THE Swedish special steel and rock-drilling manufacturer, shows earnings of Kr.40.7m. (£5.6m.) in the preliminary figures for 1976 compared with Kr.90.8m. in the previous year. Sales grew by 4 per cent. to Kr.1.25bn. (£173m.).

The pre-tax profit is some Kr.30m. lower than forecast in the six-month interim report, due chiefly to the company's inability to take out price increases in the face of stiff international competition at the same time as its costs grew.

Uddevalla earnings

LESS THAN a week after a Government-appointed group of consultants had recommended a costly rescue operation for Swedish shipbuilding, the Uddevalla State-owned shipbuilding company has reported an increase in pre-tax earnings from Kr.28.1m. to Kr.79m. (£19m.) in 1976, after more than doubling sales to Kr.806m. (£111m.).

The profit and sales growth is to some extent fortuitous, in that the yard delivered five vessels in 1976 compared with three in the previous year. Its performance, however, underlines the opposition to the consultants' majority report voiced by Uddevalla's managing director, Mr. Ingvar Trogen, and Mr. Bo Ramfors, financial director of Statsforetag the State holding company and parent to Uddevalla.

Under the majority recommendation, Uddevalla would be merged with the loss-making Gotaverken group in a new State shipbuilding concern.

ASEA critical of energy policies

IN ITS final report to shareholders on 1976, the Board of ASEA, the Swedish heavy electrical engineering and nuclear power group, criticises politicians both at home and abroad for their indecision over future energy policies.

It notes that the group order intake at Kr.8.5bn. (£1.17bn.) was some Kr.200m. lower than that of the previous ... showed a decline in ... volume for most parent ... product areas.

Nevertheless, ASEA ... tained its shares of the ... market for heavy ... equipment last year. The ... comments that, ... energy sources are finally ... preference, there will be ... tinuing demand for the ... tion and transmission ... electricity.

After some years of ... ment in most ... countries, the need for ... ally advanced equipment ... industry and transportation ... be expected to grow, ... says. It was "reasonable ... anticipate a livelier ... group products in 1977 ... case operating profits ... maintained. Any ... the Swedish power ... would not affect the 1977 ...

ASEA had a 25 per cent ... ings gain to Kr.807m. ... last year after a 7 per ... growth in turnover to ... It is showing a net ... Kr.156m. compared ... Kr.298m. in 1975, when ... ordinary income of ... boosted the final figure ... Board proposes to pay ... changed dividend of ... share.

For the first time ASEA ... a breakdown of profits ... product sector, showing ... so-called standard ... electric motors, ... items and spares ... highest rate of return ... cent., on a turnover of ... Kr.2bn. The power ... side with sales of Kr.2 ... proved profitability from ... 7 per cent. last year, ... industrial equipment ... turned 12 per cent ... of Kr.1.1bn.

Beijerinvest falls ...

BEIJERINVEST, THE ... trading and industrial ... glomerate, failed to meet ... per cent. profit growth ... set by its managing director ... Anders Wall, last year ... increase in group turnover ... Kr.4.23bn. to Kr.4.57bn. ... Preliminary, unaudited ... show earnings of ... (£9.65m.), well below ... Kr.100m. forecast in ... and Kr.13m. less than ...

Norway Fls.100m. placement

BY TONY HAWKINS

NORWAY is to raise Fls.100m. in the Euroguilder market with a private placement of five-year guilder notes priced at 99 on a 7¾ per cent. coupon to yield " per cent. to maturity. Lead manager is Algemene Bank Nederland and other members of the syndicate are Amro, Bank Mees and Hope, Pierson, Heldring and Pierson, Kredietbank Luxembourg and Deutsche Bank.

In the Swiss franc market, the World Bank is raising Sw.Frs.200m. over 15 years on a 5½ per cent. coupon priced at 99½ to yield 5.55 per cent. to maturity. The lead manager for this loan—the largest public issue to date by the World Bank in Switzerland—is Credit Suisse. Last June, the World Bank raised Sw.Frs.100m. with a 15-year loan on a 6¼ per cent. coupon issued at par.

Also in the Swiss market, the Copenhagen County Authority Sw.Frs.50m. loan on a 5¾ per cent. coupon over 15 years has been priced at par.

A new Kuwaiti dinar issue is announced to-day by Bank Handlowy w Warsawie, which is to raise KD4m. (about $14m.) with an issue of 10-year notes (optional redemption after five years) at 99 on a 9 per cent. coupon, yielding 9.16 per cent. to maturity. Lead managers are Kuwait International Investment, Union de Banques Arabes et Francaises (UBAF) and Rhoades International.

In the Deutschemark ... Nacional Financiera—the ... can State-owned financ... —is raising DM100m. ... years on an 8¾ per cent ... with Dresdner Bank ... manager.

The Norpipe 8¾ per cent ... issue of $50m. (average ... 9.8 years) was priced ... at 99¾ to yield 8.53 per ... maturity. In the dollar sec... market, quiet trading ... continued with new issue ... changed, but seasoned ... showing gains of up ... quarter of a point on small ... buying interest.

BONDTRADE INDEX	Mon.
Medium	102.39
Long	94.30
Convertible	107.87

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan 9½pc 1985	104¼	105¼
Australia 8½pc 1991	100¾	101¼
Bowater 9½pc 1986	102½	103½
Canadian N. Rly. 8½pc '86	100½	101
Credit National 8½pc 1986	98½	99
Denmark 8½pc 1984	100	100½
ECS 9½pc 1986	103	103½
EIB 8½pc 1986	100½	101¼
Erap 9¼pc 1985	103	103½
Esso 8pc 1986 Nov.	102	102½
Eurofima 8½pc 1987	102½	103¼
Granges 8½pc 1985	101½	102
Gt. Lakes Paper 8½pc '84	98½	99½
Hamersley 9½pc 1982	101½	102
ICI 8½pc 1987	97	97½
ISE Canada 9½pc 1986	103½	104½
Macmillan Bloedel 9pc '92	98½	99
Massey Ferguson 9½pc 1991	103½	104
Michelin 9½pc 1988	102½	103
Midland Int. Fin. 8½pc '86	99½	100½
Modo 9pc 1986	99	99½
Nat. Westminster 9pc 1986	101½	102½
Newfoundland 9pc 1989	100½	101½
Norges Kom. Bk. 8½pc '91	98½	99
Norpipe 9½pc 1986	103	103½
Norsk Hydro 9pc 1991	102½	103½
Norsk Hydro 9½pc 1992	98	98½
Oslo 9pc 1988	101½	102½
Ports Autonomes 9pc 1991	99½	100
Prov. Quebec 9pc 1994	100	100½
Quebec Hydro 9½pc 1986	98	98½
Pv. Saskatchewan 8½pc '86	103	102½
Skandinaviska E. 9pc 1991	100½	101½
SKF 8pc 1987	99½	100
Volvo 9½pc 1985	102½	103½
Volvo 8pc 1987	97½	98½
NOTES		
Australia 8½pc 1983	102	102½
Australia 8½pc 1986	101½	102½
Dow Chemical 8pc 1986	101½	102½
ECS 7½pc 1982	97½	98
EEC 8½pc 1982	101½	102
Enso Gutzeit 8½pc 1984	97½	98½
Gotaverken 8pc 1982	101	101½
Hitachi Shipbldg. 7½pc '84	97½	98½
Kockums 8pc 1983	99½	100½
Michelin 8½pc 1983	101½	102½
Montreal Urban 8½pc 1981	100	100½
NCB 8½pc 1981	101	101½
N. Brunswick Pv. 8½pc '83	103½	103½
New Zealand 8½pc 1986	100	100½
Nippon Fudosan 8pc 1981	100	100½
S. Scotland Elec. 8½pc '81	99½	100
Swedish State Co. 7½pc '82	99½	100½
Venezuela 8pc 1984	98	98½
FLOATING RATE NOTES		
BCO Brasil 6½pc min. 1982	97½	98½
BNP 5½pc min. 1983	98½	99
BNP 7pc min. 1985	100½	101½
IBJ 6pc min. 1982	99	99½

	Bid	Offer
Lloyds 7½pc min. 1983	101	101½
LTCB Japan 8pc min. '81	99½	100½
Midland 7½pc min. 1983	101½	102
Wms. Glyns 6½pc min. '84	100½	100½
D. MARK BONDS		
Austria 7pc 1987	100½	101½
Beecham 5pc 1983	103½	104½
Bergen 7½pc 1989	98½	99½
BFCE 7pc 1987	98	98½
EIB 6½pc 1984	99½	100
ICI 7½pc 1986	101	101½
New Zealand 7½pc 1986	103½	104½
Norway 6½pc 1982	101½	102
Shell 6½pc 1989	100½	101
World Bank 7pc 1987	97½	98½
Source: White Weld Securities.		
CONVERTIBLES		
American Express 4½pc '87	81	83
Ashland 5pc 1988	93½	95½
Beatrice Foods 4½pc 1992	95	97
Beatrice Foods 4½pc 1992	107	109
Borden 5pc 1992	99	101
Broadway Hale 4½pc 1987	77½	79½
Canon Camera 7½pc 1988	211	
Carnation 4pc 1987	84½	84½
Chevron 5pc 1988	127	129
Dart 4½pc 1987	80½	82½
Eastman Kodak 4½pc 1988	99	101
Economic Labs. 4½pc 1987	78	80
Fed. Dept. Stores 4½pc '85	102	104
Firestone 5pc 1988	87	89
Ford 5pc 1986	99½	101½
Ford 5pc 1988	89½	91½
General Electric 4½pc 1987	93½	95½
Gillette 4½pc 1987	77	79
Gould 5pc 1987	112	114
Gulf and Western 5pc 1988	86	88
Harris 5pc 1992	103	105
Honeywell 6pc 1986	97	99
ITT 4½pc 1987	81½	83½
Komatsu 7½pc 1990	107	109½
J. Ray McDermott 4½pc '87	138	140
Mitsubishi Elec. 7½pc 1991	123½	125½
Mitsui 7½pc 1990	108	109½
J. P. Morgan 4½pc 1987	101	103
Nabisco 5½pc 1988	96	98
Owens Illinois 4½pc 1987	116½	118½
J. C. Penney 4½pc 1987	79	81
Pioneer 6½pc 1989	272	
Raymond 8½pc 1993	113½	115½
Revlon 4½pc 1987	104	106
Reynolds Metals 5pc 1988	91	93
Sperry Rand 4½pc 1987	90½	92½
Squibb 4½pc 1987	90	92
Texaco 4½pc 1988	90	92
Toshiba 6½pc 1990	109	110½
Union Carbide 4½pc 1982	105	107
Warner Lambert 4½pc 1987	83	85
Warner Lambert 4½pc 1988	78	80
Xerox 5pc 1988	79	81
Source: Kidder Peabody Securities.		

هكذا من الاصل

Takeovers boost profit at Boral

BY JAMES FORTH — SYDNEY, Feb. 28.

ORAL, the major building pro- acts and quarrying group, lifted ofits more than 40 per cent. om $A5.75m. to $A8.1m. in the ecember half-year.

The profits growth partly flected benefits from the take- ver of three companies— yclone and two Boral associates, oral Basic Industries and Glen is Brick—which were com- eted in the half-year to Decem- er, 1976. The directors of Boral id to-day that the acquisitions sulted in considerable savings r the group.

In addition, the group was perating in a slow but steadily proving climate with demand cking up in most markets. This end has continued into the rrent half-year and the Board pects a satisfactory result for e full year.

Boral's geographical spread came to its aid in the latest six months with weak spots more than balanced by stronger demand in other areas. The directors singled out for special mention brick sales in the states of Victoria and Queensland where plants are now operating at full capacity. Additional production facilities are being installed in Queensland and expected to come on stream in November.

The Boral resources group, formerly Boral Basic, experienced improved demand, while the concrete products division was now trading profitably. Difficult rural conditions affected sales by Cyclone but export sales lifted total revenue from this source.

Group sales rose almost 18 per cent., from $A109m. to $A129m. The interim dividend is held at 6.25 cents a share.

Jeumont sales gain

BY ROBERT MAUTHNER — PARIS, Feb. 28.

UMONT-Schneider, the en- neering and electrical subsi- ary of the Franco-Belgian mpain Group, has announced a per cent. rise in sales to s.1.6bn. (about £190m.) in 76.

In spite of relatively unfavour- ble market conditions, orders st year totalled more than s.2bn.—an increase of 19 per nt. over 1975—with export ders accounting for about per cent. of the total. Includ- g orders booked by Jeumont- hneider subsidiaries, the total ure came to more than s.3bn.

Equipment for nuclear power tions both in France and South Africa is accounting for an increasing proportion of the company's turnover, but sales of electric locomotives and electronic signalling and rail traffic control systems have also been doing well in world markets.

Jeumont-Schneider is currently carrying out a contract for the electrical systems of an ultra-modern steel rolling mill in South Korea. It is also working on contracts for compressor motors for the world's most modern oxygen plant being built in South Africa and several hundreds of special pumps for an aluminium plant currently under construction by French engineers on the shores of the Black Sea in the Soviet Union.

Recovery in Air Malta

BY GODFREY GRIMA — MALTA, Feb. 28.

R MALTA made a pre-tax profit £M713,000 last year which com- etely wiped out the airline's loss ider of £M520,573. This was nounced by Mr. Albert Mizzi, r Malta chairman, who added at despite harrowing difficulties the aviation industry, Air ilta managed to step up its load ctor to 72.6 per cent. from 64 r cent. during 1974/75. Mr. zzi announced that the com- ny expected to achieve better sults this year.

At a news conference at the end of the Air Malta annual shareholders meeting Mr. Mizzi said there was no question of the company suspending its operations agreement with Pakistan International Airways. The accord runs until 1979.

Mr. Mizzi said Air Malta's current negotiations with Middle East Airlines concerns a separable project which cannot be publicly revealed for the moment.

Matsushita earnings leap

BY DOUGLAS RAMSEY — TOKYO, Feb. 28.

MATSUSHITA ELECTRIC to-day announced a doubling of its consolidated earnings in fiscal 1976 to last November 20, with sales in the period hitting an all-time high of Y1,707.3bn (£3.5bn.).

The only dark spot in the earnings picture was Matsushita's American subsidiary, Quasar, bought two years ago from Motorola Corporation. A spokesman for the Osaka-based parent company, Matsushita Electric Industrial, said that losses last year at Quasar were modest, offsetting similarly "modest" profits at Panasonic, the company's other American subsidiary. (Both U.S. companies are held by Matsushita Electric Corporation of America.)

Meanwhile sources inside the company recently disclosed that Matsushita is negotiating with RCA in America and Philips in Europe for joint production agreements for Matsushita's video tape recorder (VTR) for home use, the VX-2000. If successful, the negotiations would lead to a full-scale battle between the Matsushita VTR and Sony's Betamax VTR for which overseas agreements have already been signed in the U.S. and Europe. (A third type of VTR, the VHS, is produced by Japan Victor, a subsidiary of Matsushita.)

In 1977, however, it appears that Matsushita will be less visible on the VTR market than Sony. The latter has already announced it will produce 300,000 units this year, but Matsushita is not expected to turn out more than 200,000 at its Okayama and Shikoku plants.

Last year, Matsushita says, the total VTR market ranged between 260,000 and 270,000 of which about 120,000 were exported. Matsushita's sales of the VX-2000 after its June unveiling amounted to 60,000 units. The company expects total VTR demand this year to increase to between 450,000 and 500,000 units.

Matsushita Electric's excellent sales performance in 1976 was primarily owing to an estimated 65 per cent. increase in exports, especially of colour television sets and audio equipment. Domestic sales (rising only 13 per cent. on the year before) pulled down the average increase to 23 per cent. but contributed to making it a record high.

Exports in 1976 reached Y421bn., a 65 per cent. increase. And despite the negative earnings at Quasar, Matsushita still derives a large share of its profits from sales to the U.S. Although most of the geographic breakdown for the company's consolidated sales are kept secret, a spokesman did confirm to-day that North America took about 36 per cent. of the company's overseas sales in 1976, "and you can say this represents about the same percentage of the company's profits" from those sales despite Quasar's losses. Europe, meanwhile, took about 17 per cent. of the overseas sales.

Matsushita is one of the few major Japanese companies anticipating a continued high level of exports in 1977, when it expects the export share in total sales to remain the same as in 1976.

Moreover, the company estimates total sales will be up 10 per cent. this year (10 per cent. on domestic and 10 per cent. on export sales) which would put the export sum in 1977 at around Y460bn. (on total net sales of Y1.88 trillion).

Consolidated net income in 1976 went from Y31.7bn. to Y65.7bn. and net income per share was Y66.2, up from Y32 the year before. That increase in profits will not be as great in 1977, according to Matsushita officials, but the company is targeting for a 4 per cent. net earnings—to total sales performance, slightly better than the 3.8 per cent. recorded in 1976.

One continuing drag on the company's finances is the $100m. convertible debentures floated a year ago and of which only 1.6 per cent. have already been converted. The remainder (Y29bn.) represents the major increase in Matsushita's long-term liabilities from Y155bn. to Y194bn. in 1976. (The terms of the debentures issue was 6.75 per cent. interest on a 20-year coupon.)

Kubota to raise $24m. in ADRs

By Pauline Clark

KUBOTA, the major Japanese industrial and agricultural equipment group, is planning to raise around $24m. overseas shortly with the issue in New York of 1m. American Depositary Receipts representing 20m. common shares. The shares have a par value of Y50 each and were yesterday being quoted on the Tokyo Stock Exchange at Y347 (about $1.22).

Proceeds of the issue are to be added to the general resources of Kubota and will also be applied to the group's capital expenditure programme.

The ADRs are expected to be 80 per cent. placed with U.S. investors but a market in the issue will also be made in Europe in the form of European Depositary Receipts (EDR's). Pricing and signing with lead manager Smith, Barney and co-manager Nikko Securities is expected to take place on March 9.

This latest issue by Kubota overseas demonstrates the group's desire to publicise its name further in the U.S. market and in Europe

ABN raises its dividend total

BY MICHAEL VAN OS — AMSTERDAM, Feb. 28.

ALGEMENE BANK NEDERLAND (ABN), Holland's largest commercial banking group, to-day reported 1976 net profits of Fls.205.8m., up 10.4 per cent. on the year before. The bank's Supervisory Board proposes to raise the total dividend by Fls.1.50 to Fls.22.50 per Ordinary share of Fls.100 nominal.

Consolidated profit before provisions and taxes rose by 11.2 per cent. to Fls.514m. in 1976. That year, ABN's main local rivals, Amro bank, thus had the edge as far as net profits growth was concerned with those of the latter having risen 14.2 per cent. to Fls.184.2m. in 1976.

ABN points out that, contrary to the practice of previous years, the results of minority participations in which the bank's stake is at least 20 per cent. have been incorporated into the gross profits figures pro rata in 1976 as well as in the comparative 1975 figures; Fls.115m. will be added to the provision for general operating risks compared with Fls.97m. (corrected following the changed profit presentation).

ABN, which did not give an indication of the growth of its balance-sheet total at the end of the past year—it had reached Fls.53.1bn. at the end of June, 1976—had forecast "satisfactory" profits for 1976. After a first half net profit growth of 15 per cent., the bank stated that second half results would be influenced by increasing credit volumes and narrowing interest margins. Its annual report is due to be published on April 6.

Bk. of Helsinki pays 11%

BY LANCE KEYWORTH — HELSINKI, Feb. 28.

THE BANK of Helsinki made a net profit of FM10.4m. (£1.6m.) in 1976 and declared a dividend of 11 per cent. The result was thus virtually the same as in the fiscal year 1975.

Deposits increased by nearly 10 per cent. to FM1.55bn., while loans rose by 6.2 per cent. to FM1.88bn. In 1975, lending grew by 9 per cent. The bank's strict screening of credit applications enabled it to reduce its penalty interest payments to the Bank of Finland in 1976.

SWISS COMPANIES

Bally sets up central unit

BY JOHN WICKS — ZURICH, Feb 28.

THE ZURICH holding company, C. F. Bally AG, the ceiling undertaking of the Bally shoe group, has set up a subsidiary to be called Bally Finanz AG also in Zurich, with a capital of Sw.Fr.10m. to act as a central unit for operating funds and the source of financing in the group. The company, which will meet peak financing needs within the Bally group, is to be active on the various finance markets.

At the same time, a holding company called Bally Anlagen AG, also based in Zurich and with a Sw.Fr.10m. capital, will operate in the field of participations and investments and itself own 100 per cent. of the Overseas Development Bank, a commercial banking company with headquarters in Geneva and a branch in London. The Swiss bank, to be re-named Eterna Bank, has a capital of Sw.Fr.22.5m. The bank is to operate within the group while at the same time expanding its external services.

With the re-organisation, Bally hopes to co-ordinate the internal and external funding of group companies and participate "systematically" on the capital and money markets. Funds are then intended to be put to optimum use within the group.

● *THE SWISS* engineering concern Von Roll AG, of Gerlafingen, is to build up activities abroad over the next five years. The company, which is a manufacturer of both semi-finished products and finished steel products and plant, intends to set up manufacturing operations in America or Germany, enter into partnership agreements with foreign undertakings and add special export lines to its sales programme, as well as granting production licences and itself taking up foreign licences.

Talks on Holland-Brazil deal

DUTCH FOREIGN Minister Max van der Stoel said here to-day that he had had "very frank and friendly" talks with Brazilian Foreign Minister Antonio Azerado da Silveira on the question of uranium supplies to Brazil.

But Dr. van der Stoel told reporters after to-day's meeting that the two men had not discussed the controversial agreement under which West Germany would supply Brazil with plants for the enriching of uranium and the recycling of nuclear fuel. Enriched uranium is a necessary ingredient for nuclear weapons.

Reports here said that the Dutch Government had reservations about the Brazil-West Germany agreement and would veto the supply of enriched uranium from the joint Anglo-Dutch-West German centrifuge plant at Almelo, Holland. Dr. van der Stoel did not elaborate on his talks with Sr. Silveira, but said that they had been very useful for better mutual understanding.

The Dutch Minister, asked if Holland would like to see any changes in the Brazil-Germany nuclear agreement, said: "We each explained our positions on the nuclear question. Sr. Silveira again explained to me Brazil's firm position against proliferation of nuclear weapons and told me that Brazil is ready to lend its collaboration to impede the proliferation of nuclear weapons."

Reuter

German credits

ESSEN, Feb. 28.

German exporters will put up supplier credits of around DM500m. as part of the German contribution to foreign loans for the Brazilian state-owned Acominas steel project, a spokesman for German suppliers' co-ordinator Ferrostaal said.

DOMESTIC BONDS

Bundesbank loan of DM700m.

FINANCIAL TIMES REPORTER

IE WEST German Bundesbank s announced a new govern- nt domestic bond to raise 4700m. and to run for seven ars. The coupon was set at per cent. and the issue price r. Ahead of official quotation, was being traded between nks yesterday at its issue ice.

As indicated on these pages st week, the bond turned out to of a rather smaller size than e DM1bn.-plus originally envis- ed in banking circles and it nfirms the Government's con- rn to avoid putting too much rain on the market at a time price stabilisation.

But of even greater significance was the decision to opt for a less than ten year maturity. The last bond with a ten year life was the DM900m. 7 per cent. issue for the Deutsche Bundesbahn which has been trading at a discount ever since its launching in mid-January.

The ten-year tranche of the Government's DM1.5bn. new-year offering carried a 7¼ per cent. coupon and is being quoted at around 99.90 per cent. against the issue price of 99.50 per cent. But in the present issue, the Government is thought to have been anxious to keep down the coupon to avoid triggering speculation of higher interest rates.

Meanwhile it was also reported over the week-end that the City of Berlin's forthcoming bond for around DM200m. would probably be launched this March.

On the Dutch domestic capital market, Bank voor Nederlandsche Gemeenten is reported to be planning to issue a debenture loan to raise between Fls.150m.-Fls.200m. The indicated 8¼ per cent. coupon for ten years compares with the 8¾ per cent. rate offered on last week's Fls.75m. debenture for Bank Mees en Hope which was priced at par.

The price on the BNG issue is to be set not later than March 7. Redemption will be in ten annual instalments starting in April next year and it is understood that there will be no early redemption clause.

Government delays equipment plans

DEFERMENT OF some equipment programmes, and selective cuts in others, together with reductions in works expenditure, will be the main sources of the proposed £200m. cuts in defence spending in the coming financial year.

This is disclosed in the annual defence White Paper, issued yesterday. After the cuts, spending in 1977-78 will amount to £6.329bn., or the equivalent in real terms (after taking into account pay and price rises of £882m.) of the target at 1975 survey prices of £5.447bn.

The defence budget is about 4½ per cent. of the estimated gross national product at factor cost for 1977-78, equivalent to 5 per cent. of gross domestic product at market prices.

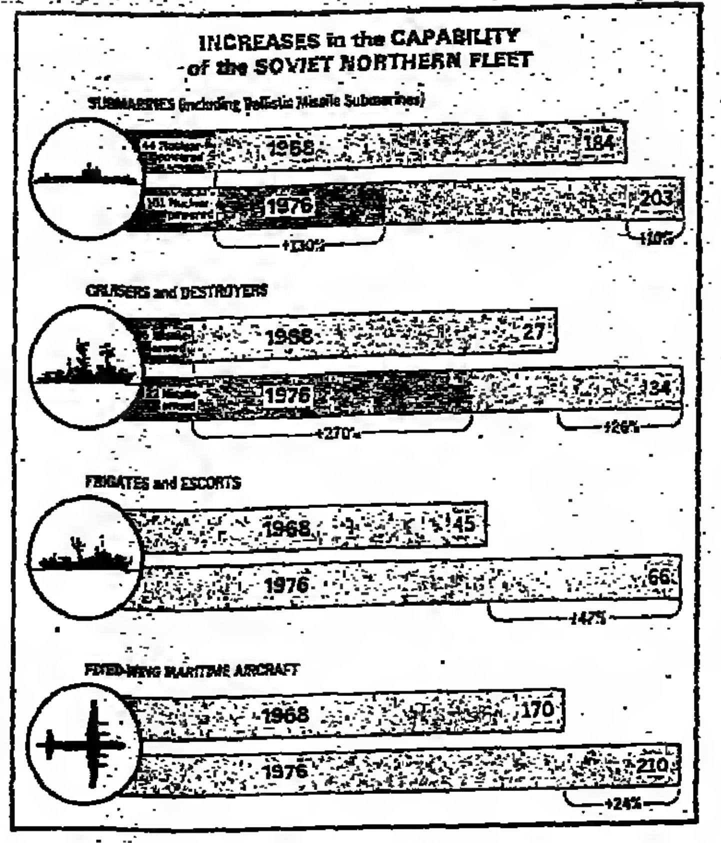
A further spending cut of £230m. is planned for 1978-79, but decisions on where this will fall have not yet been taken, and will not be for some time.

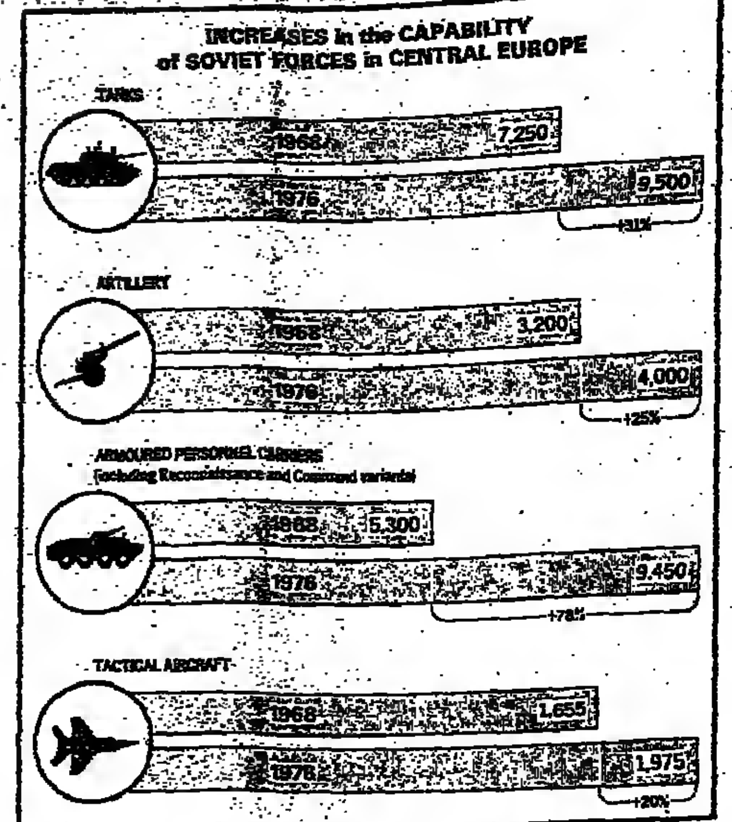
The White Paper says that while the need for the Alliance to contribute substantial resources to defence remains, "nevertheless it would be wrong for Britain to try to sustain a defence contribution out of proportion to her economic growth.

The attempt would in the long run have adverse effects on U.K. security, since the ability to make an effective defence contribution depended on the strength of the economy.

"The reductions which the Government has felt compelled to make in planned defence expenditure in 1977-78 and 1978-79 reflect solely the national economic outlook for the period, and the fact that recovery from recession has been slower than expected."

Even after the cuts had been made, the planned level of spending would "support a defence programme which will enable the Government to fulfil its policy of maintaining modern and effective forces, and of continuing to make a very substantial contribution to the capability and security of the Alliance."





Warsaw Pact nations continue to build up armed forces

THE DEFENCE White Paper draws attention to the continued build-up of the Warsaw Pact forces, and to the disappointing result of the negotiations on Mutual and Balanced Force Reductions and of other negotiations for arms control and disarmament, such as Strategic Arms Limitation.

It says of the strengthening of the Warsaw Pact that in spite of the claim that defence spending has been reduced over the past three years, it is estimated that the military spending of the Soviet Union has grown by about 5 per cent. a year in real terms.

It is calculated that the Soviet Union is allocating 11-12 per cent. of its gross national product to military programmes.

This is much more than any NATO country and highlights the continuing priority given to military programmes in the Soviet Union over the past decade. "All evidence suggests that this momentum is being maintained."

The White Paper gives figures to show that the Soviet northern fleet has increased substantially from 1968, with a 10 per cent. increase in submarines (including missile-carrying subs.), to 203; a 26 per cent. rise to 34 in the number of cruisers and destroyers; a rise of 47 per cent. to 66 in frigates and escorts, and a rise of 24 per cent. in maritime aircraft.

The increases in the capability of Soviet forces on the Central European front are even more significant. The number of tanks has risen since 1968 by 31 per cent. to 9,500; the number of artillery pieces by 25 per cent. to 4,000; the number of armoured personnel carriers by 78 per cent. to 9,450; and the number of tactical aircraft by 20 per cent. to 1,975.

The Soviet Air Force capability is being significantly enhanced by deliveries of the Backfire bombers.

Submarines

In the nuclear field, the Soviet Union is about the deploy the new SS-X-20 intermediate range ballistic missiles. These missiles are road-mobile and carry multiple independently-targetable re-entry vehicles (MIRVs), capable of reaching any major target in Europe.

At the same time, the Soviet Union is progressively replacing its older intercontinental ballistic missiles with three new types, the SS-17, SS-18 and SS-19, which also carry MIRVs and have improved accuracy.

At sea, new nuclear-powered missile-firing submarines are appearing at the rate of six a year. A submarine-launched missile with a MIRV capability is expected to enter service soon.

In addition, the Soviet Union has the support of its Warsaw Pact allies. The strength of the East German and Polish navies is static, but re-equipment continues to increase their effectiveness.

The armies of East Germany, Poland and Czechoslovakia include a high proportion of combat-ready divisions, trained, organised and equipped on the Soviet model, and are available to support the formidable Soviet forces facing the Central Region.

The White Paper claims that, given the present size, posture and capability of Warsaw Pact military deployments and the advantage of initiative which an aggressor automatically has, "it is unrealistic to expect Nato to have sufficient forces in place to be able to deal effectively with every form of attack in every location without ever needing to escalate the level of conflict."

Nato needed in sufficient measure conventional forces, nuclear forces for tactical purposes and strategic nuclear forces. Each element of this triad had its own role to play in deterring aggression, and each was needed to support the other two.

But over the last decade, this development of the strategy of flexibility in response, in place of the previous early reliance on nuclear weapons, had put a greater emphasis on the conventional capability of the Alliance.

Statement on the Defence Estimates, Command 6735, SO. £1.50 net.

New weapons on order

POINTING OUT that more than a third of the U.K. defence budget is spent in equipment, most of it with industry, the Defence White Paper says that in the coming year the programme is expected to cost £2.350bn. compared (at the same price level) with forecast expenditure of £2.219bn. in 1976-77.

Including associated personnel and other costs, the total procurement budget for 1977-78 is estimated at £2.637bn., of which 69 per cent., or £1.811bn. is for production, and 31 per cent., or £826m. for research and development.

Of the £200m. cuts planned—half announced in July and the other half in December—about £75m. would be found from the equipment programme, although no details as to where are given.

Works expenditure would be reduced by £64m., mainly at the expense of new construction, with projects affecting the operational capability or linked with the restructuring of the services being given priority for the reduced funds available.

The balance of the required savings would be found partly from miscellaneous reductions, including research and development spending and support and administrative costs of various kinds, and for the rest through a revised assessment of the level of spending now expected on the defence programme as a whole.

Giving details of the current programme, and new orders pending, the White Paper says it is planned to place an order this year for the first of the improved Swiftsure Class of nuclear-powered fleet hunter-killer submarines.

Surface warships of five new classes were under construction: the anti-submarine cruiser; the Type 42 destroyer; the Types 21 and 22 frigates; and the Hunt class mine counter-measures vessels.

Missiles

The first anti-submarine cruiser, Invincible, was due for launch this year, and work was in progress on a second, Illustrious. Five more Type 42 guided missile destroyers were in construction at the beginning of the year, and it was planned to place further orders for vessels of this class. A fourth Type 22 frigate for anti-submarine work would be ordered this year.

To complement these new ships, the Navy's present re-equipment programme included the Sea Harrier vertical and short take-off and landing aircraft, and new guided weapons systems, such as the Sea Dart and Sea Wolf.

The Army was developing 155 mm. artillery systems with West Germany, and was buying the Lance nuclear missile system, and the Milan anti-tank guided weapon, while bringing the Swingfire anti-tank missile system into service on the Striker tracked reconnaissance vehicle.

The provision of Rapier and Blowpipe missiles was improving the Army's anti-aircraft capability and improvements were planned to the Chieftain tank, including a new laser sight.

It was intended to fit the new Chobham armour on the next generation of main battle tanks, but fitting it to the present generation would not be cost-effective.

"Weight for weight, this new armour gave greatly improved protection, and "can fairly be described as the most significant advance in armoured vehicle design and protection since the Second World War." It was being fitted to Chieftains now under development for Iran.

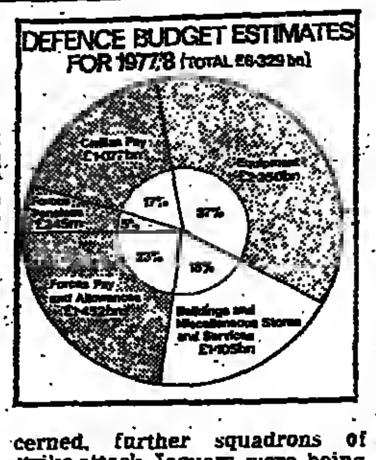
Decisions would be made during the coming year on the U.K.'s policy for replacing the Chieftain main battle tank in the 1980s.

Anglo-German "concept studies" on this new MBT were virtually complete.

So far as the RAF was concerned, further squadrons of strike-attack Jaguars were being formed as more aircraft come from the production line. A further 24 Harrier VTOL aircraft had been ordered, and production of the Tornado multi-role combat aircraft was under way.

The Shackleton Airborne Early Warning aircraft was to be replaced, either by participation in a NATO force using a modified Boeing E-3A aircraft, or by development and production of the Nimrod in an AEW role.

The White Paper does not comment further, beyond stating that "pending further decisions, work on the Nimrod AEW aircraft is continuing." A new air-to-air missile, Sky Flash, was nearing production.



MR. FRED MULLEY

Set to trim military spen[ding]

U.K. gives strong backing to NATO

COMMENTING ON [illegible] contribution in Nato [illegible] Defence White Paper [illegible] the U.K. remains the [illegible] country in the alliance [illegible] commit forces in each of [illegible] three elements of the [illegible] which the strategy of deterrence rests.

In the Eastern Atlantic [and] Channel areas, the U.K. [contri]bution consists of [illegible] ships and 26 squadrons of [illegible] and RAF fixed-wing aircraft [illegible] RN helicopters.

In the Central Region [the] U.K. land force consists [of] 55,000 men of BAOR [illegible] squadrons in the tactical [air] force. The Army has [illegible] *tain tanks, many deployed* [in] West Germany.

The White Paper claims [that] in terms of the proportion [of] national output devoted [to] *defence*, the U.K. ranks [illegible] "In 1975 our defence spending accounted for 5.1 per cent [of] gross domestic product [at] market prices, compared [with] 5.9 per cent. for the U.S. [illegible] per cent. for France and 4[illegible] cent. for West Germany.

"The proportion of defence expenditure devoted [to] the purchase of new equipment was shown in a 1975 study to be the highest of 11 Allies surveyed.

Chemical warfare research reduced

ON RESEARCH and development, the Defence White Paper says that spending in 1977-78 is expected to amount to £123m.

Two-thirds of this would be devoted to evaluation and exploratory development aimed at the next generation of equipment in the services forward programmes and at new weapons concepts.

The remaining third of the expenditure was mainly concerned with assessing and advancing technology relevant to future military needs and to maintaining an adequate base of scientific knowledge for the programme generally.

Work on running down the R and D system was in progress, however, with the aim of reducing the original 25 establishments in the Procurement Executive to four "systems establishments" supported by eight technology establishments.

R and D effort on chemical warfare was being reduced to about two-thirds its present size, with requirements for microbiological research being met by a small team of about ten scientists and their supporting staff integrated within the Chemical Defence Establishment.

The future of the Microbiological Research Establishment itself, therefore, depended on the scale and range of civil requirements, and these were being studied by the Central Policy Review Staff.

Overseas sales of defence equipment now covered a wide range of items produced by industry and the Royal Ordnance factories. "These sales continue to make a valuable contribution to the national balance of payments, and are expected to reach £850m. in 1977-78."

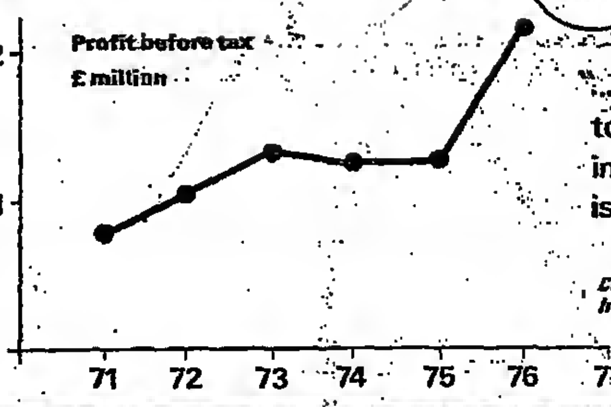
The original estimate of redundancy for 11,000 officers and men in the forces, made in the 1975 White Paper, had been refined, and the redundancy total would now be in the region of 10,000. The number still in the forces totalled 343,000.

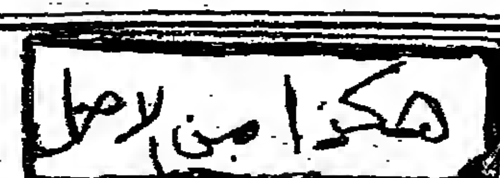
In the two years to December 31, 2,268 left the Services on redundancy terms. Most were from the RAF, whose redundancy programme would be completed by March, 1978.

The Army's programme began in 1976 and had been planned in four phases to be completed by 1979-80. The number of redundancies in the Navy and Royal Marines would be small.

Civilian manpower at April 1 would be 282,800, reduced to 274,900 by March 31, 1978. The latter figure represented a forecast rundown of about 23,500 towards the target reductions set out in the White Paper last year.

It assumed a limited acceleration in the rundown as a contribution towards the £100m. cut in defence spending announced last December





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SINKING FUND REDEMPTION NOTICE

to the holders of

General Cable International N.V.

Guaranteed Floating Rate Loan Notes 1980

NOTICE IS HEREBY GIVEN, pursuant to the terms of said Notes and the Fiscal Agency Agreement dated as of September 28, 1970 among General Cable International N.V., General Cable Corporation, Guarantor, and Irving Trust Company, Fiscal Agent, that General Cable International N.V. intends to and will redeem on March 31, 1977 by operation of the Sinking Fund provisions of said Notes $2,000,000.00 principal amount of General Cable International N.V.'s Guaranteed Floating Rate Loan Notes 1980 at 100% of the principal amount thereof, which have been selected for redemption by Irving Trust Company, as Fiscal Agent under said Fiscal Agency Agreement, as provided in said Notes as follows:

Notes in the principal amount of $1,000 bearing the prefix M to be redeemed in whole.

16	450	841	2967	3357	3756	4067	4524	4946	5326	5633	5996	6297	6557	6919	7316	7789	8133	8478	8780
25	472	856	2976	3360	3768	4096	4542	4956	5337	5657	6005	6311	6577	6930	7329	7790	8143	8488	8784
44	482	857	2984	3362	3792	4149	4572	4975	5344	5666	6022	6322	6588	6933	7364	7798	8148	8500	8787
45	484	880	2987	3376	3802	4156	4621	4981	5353	5690	6031	6327	6592	6936	7383	7800	8161	8511	8803
53	492	889	3026	3382	3805	4157	4642	5024	5360	5708	6042	6331	6595	6937	7391	7811	8174	8538	8833
59	503	903	3035	3402	3819	4160	4644	5029	5363	5751	6047	6334	6616	6953	7408	7817	8182	8543	8835
64	525	919	3036	3424	3831	4167	4662	5031	5377	5756	6050	6337	6672	6965	7418	7826	8183	8548	8846
96	528	947	3037	3429	3852	4182	4670	5048	5399	5772	6060	6348	6695	6970	7419	7862	8186	8551	8859
106	546	966	3054	3434	3858	4187	4674	5057	5403	5773	6064	6357	6698	6984	7441	7864	8201	8570	8877
112	550	969	3055	3443	3865	4192	4695	5060	5405	5783	6104	6361	6700	7012	7481	7870	8246	8578	8884
122	554	970	3072	3445	3878	4212	4707	5075	5417	5786	6126	6363	6713	7019	7486	7874	8251	8581	8890
125	564	990	3088	3454	3885	4231	4717	5095	5418	5807	6129	6365	6718	7022	7509	7879	8269	8582	8895
139	569	1011	3094	3458	3886	4234	4718	5105	5423	5812	6137	6366	6723	7042	7518	7918	8283	8585	8910
148	603	1018	3114	3475	3908	4254	4747	5118	5435	5818	6141	6366	6747	7047	7552	7920	8290	8597	8913
181	617	1027	3122	3502	3939	4270	4757	5124	5462	5822	6150	6382	6757	7078	7561	7921	8295	8599	8917
189	629	1061	3149	3515	3941	4271	4769	5130	5464	5827	6158	6401	6767	7086	7570	7926	8302	8606	8934
190	635	1068	3161	3523	3948	4291	4782	5138	5476	5840	6160	6402	6780	7095	7584	7950	8318	8613	8940
199	642	1071	3166	3529	3948	4315	4784	5134	5478	5853	6169	6406	6782	7116	7595	7963	8337	8619	8950
232	644	1072	3186	3540	3949	4336	4785	5155	5482	5855	6174	6421	6796	7116	7626	7975	8346	8646	8954
245	647	1082	3198	3565	3952	4338	4801	5166	5483	5908	6177	6435	6801	7120	7645	8002	8368	8657	8956
247	674	1084	3219	3608	3962	4342	4806	5196	5484	5910	6197	6437	6824	7121	7648	8016	8407	8665	8957
273	694	1115	3234	3637	3971	4355	4813	5207	5496	5916	6218	6449	6828	7163	7647	8045	8410	8699	8958
287	707	1119	3260	3641	3981	4357	4835	5236	5508	5922	6225	6456	6834	7167	7651	8058	8411	8710	8963
328	715	1131	3278	3673	3986	4383	4845	5242	5524	5926	6245	6469	6846	7208	7677	8063	8414	8731	8964
347	736	1133	3279	3675	3989	4414	4849	5252	5536	5929	6254	6477	6851	7213	7628	8064	8421	8740	8967
354	749	1157	3292	3678	4001	4422	4861	5259	5561	5936	6263	6478	6853	7232	7715	8068	8434	8742	8968
359	770	1165	3297	3681	4014	4438	4868	5275	5584	5937	6283	6520	6854	7244	7737	8078	8437	8746	
389	788	1162	3304	3685	4024	4455	4887	5286	5609	5953	6286	6542	6863	7271	7757	8118	8446	8747	
395	795	1175	3313	3697	4031	4460	4917	5309	5613	5965	6287	6543	6903	7305	7759	8121	8448	8750	
407	798	2941	3315	3705	4032	4464	4918	5310	5617	5970	6291	6548	6905	7308	7768	8126	8453	8756	
428	812	2954	3327	3737	4034	4515	4930	5319	5623	5994	6294	6554	6908	7313	7775	8130	8472	8756	

Notes in the principal amount of $10,000 bearing the prefix X and the principal amount to be redeemed.

Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed
1	$2,000	487	$2,000	1069	$1,000	1254	$1,000	1315	$3,000	1354	$1,000
6	1,000	612	2,000	1071	2,000	1257	1,000	1316	1,000	1356	1,000
23	2,000	531	1,000	1091	2,000	1258	4,000	1317	2,000	1357	2,000
26	2,000	577	1,000	1105	2,000	1262	1,000	1318	2,000	1359	1,000
38	1,000	623	2,000	1107	6,000	1263	3,000	1320	1,000	1360	1,000
64	1,000	687	1,000	1126	2,000	1265	1,000	1321	1,000	1361	1,000
80	2,000	710	1,000	1138	1,000	1267	1,000	1323	1,000	1362	3,000
94	2,000	737	8,000	1144	3,000	1268	2,000	1324	1,000	1364	1,000
107	3,000	738	2,000	1146	1,000	1270	2,000	1325	3,000	1365	1,000
116	1,000	742	1,000	1152	2,000	1279	1,000	1326	1,000	1366	1,000
136	1,000	768	3,000	1157	1,000	1285	1,000	1328	2,000	1367	1,000
138	2,000	794	1,000	1164	1,000	1291	1,000	1329	1,000	1368	1,000
143	2,000	827	3,000	1167	2,000	1292	2,000	1330	2,000	1369	1,000
145	2,000	829	2,000	1168	1,000	1293	3,000	1331	1,000	1370	1,000
153	2,000	830	1,000	1177	2,000	1294	2,000	1332	1,000	1371	1,000
214	4,000	858	4,000	1179	1,000	1295	1,000	1333	1,000	1373	1,000
215	2,000	863	1,000	1185	1,000	1296	1,000	1334	1,000	1374	1,000
235	1,000	925	2,000	1186	2,000	1298	1,000	1335	1,000	1375	2,000
277	1,000	953	1,000	1193	1,000	1300	2,000	1336	2,000	1376	1,000
279	3,000	969	1,000	1201	1,000	1301	1,000	1337	2,000	1377	1,000
281	3,000	972	2,000	1209	2,000	1302	2,000	1342	2,000	1379	2,000
301	2,000	986	1,000	1218	1,000	1303	2,000	1343	6,000	1380	2,000
304	1,000	994	2,000	1223	2,000	1305	2,000	1344	2,000	1382	1,000
343	1,000	1003	1,000	1224	1,000	1307	1,000	1345	1,000	1383	1,000
402	2,000	1016	1,000	1226	1,000	1308	1,000	1347	2,000		
459	1,000	1037	2,000	1227	1,000	1311	2,000	1348	1,000		
467	2,000	1039	1,000	1235	1,000	1312	1,000	1349	1,000		
473	1,000	1068	1,000	1253	1,000	1313	1,000	1352	1,000		

Notes in the principal amount of $100,000 bearing the prefix C and the principal amount to be redeemed.

Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed
421	$6,000	422	$12,000	423	$10,000	424	$10,000	425	$12,000	426	$12,000

Notes in the principal amount of $500,000 bearing the prefix D and the principal amount to be redeemed.

Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed	Serial Numbers	Amount Redeemed
48	$65,000	52	$43,000	56	$30,000	60	$61,000	64	$57,000
49	62,000	53	69,000	57	89,000	61	46,000	65	46,000
50	51,000	54	51,000	58	62,000	62	52,000	66	58,000
51	58,000	55	52,000	59	45,000	63	39,000	67	52,000

The above listed Notes selected for redemption (or portion of the principal amount of any Notes to be redeemed in part only) shall become due and payable on March 31, 1977 and thereafter interest thereon will cease to accrue. The aforesaid redemption price payable with respect to the Notes or portions thereof selected for redemption will be paid upon presentation and surrender thereof together with all appurtenant coupons maturing subsequent to March 31, 1977 in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment therein of public and private debts at the option of the holder at Irving Trust Company, Corporate Trust Department, One Wall Street, New York, New York 10015 or at its office in London or at the office of S. G. Warburg & Co. Limited in London or at the office of Banque Internationale à Luxembourg in Luxembourg as provided in paragraph 1 of said Notes subject to the restrictions stated therein.

The holder of any Note which is redeemed in part only upon surrender thereof as above provided may obtain in exchange for the unredeemed portion thereof at no additional cost an equal aggregate principal amount of Notes of authorized denominations.

Unpaid interest instalments which shall have become due on or prior to March 31, 1977 shall continue to be payable to the bearers of the coupons which shall have matured, and the amount payable to the holders of Notes presented for redemption shall not include such unpaid instalments of interest unless coupons representing such instalments shall accompany the Notes presented for redemption.

GENERAL CABLE INTERNATIONAL N.V.
By IRVING TRUST COMPANY, *Fiscal Agent*

Dated: February 28, 1977, New York, New York

APPOINTMENTS

Allied Polymer Group executive changes

Mr. J. O. Scanlon, chief executive of the engineering division of ALLIED POLYMER GROUP, is to succeed Mr. C. C. Hawkins as group deputy chairman on May 1 and has become responsible for co-ordinating financial affairs. Mr. K. H. Parker, *chief executive of* the group's Australian operations, and Mr. A. W. F. Bird, chief executive of the special products division, will join the group Board at the beginning of May. Mr. R. L. R. Hulme, managing director of Beaufort Air-Sea Equipment, a subsidiary, has been appointed a group consultative director under Article 93A.

Mr. Hawkins and Mr. C. E. Smart will be leaving the Boards of Allied Polymer Group and subsidiary companies upon reaching retirement age next May and September, respectively.

★

Lord Killanin has been appointed acting chairman of FITZWILTON. Because of his many commitments, he was unable to accept the position on a long-term basis, but has agreed to act as chairman for the time being. As reported last Wednesday, Mr. M. Dargan has resigned as chairman and from the Board.

★

Mr. J. L. Haffmann has resigned from the Board of the THROGMORTON TRUST.

★

Mr. C. A. Fraser has been appointed a director of the SCOTTISH WIDOWS' FUND AND LIFE ASSURANCE SOCIETY. He is a partner in W. and J. Burness.

★

Mr. Alan Teale has relinquished his position as senior executive of the LLOYD'S INSURANCE BROKERS' ASSOCIATION to become full-time secretary of the BRITISH INSURANCE BROKERS' ASSOCIATION. Mr. Barry Gibson, as secretary, will be responsible for the administration of LIBA. Mrs. Andrea Bondi will be deputy secretary and Mr. David Hough, assistant secretary.

★

Mr. T. B. Smith, previously financial controller of K Shoes, has joined SIMON-WARMAN as finance director.

★

Mr. Norman Miller, assistant manager and secretary, has been appointed a director of CARLIOL INVESTMENT TRUST and the TYNESIDE INVESTMENT TRUST.

★

Mr. Dennis Montgomery has joined the Board of SYSTIME as systems director. He was previously with ICL.

★

Mr. D. A. Blaikie has been appointed to the Board of TRADE INDEMNITY COMPANY and Mr. J. C. Frangoulis has become his alternate. Mr. A. Macdonald has retired from the Board.

★

Mr. G. Allen Batty has been appointed to the Board of GARTONS. Mr. Leslie Orme has resigned from the Board because of ill-health.

★

Mr. J. K. Boag has retired from the Board of SCOTT AND ROBERTSON but remains executive director and chairman of its subsidiary, Thomas Boag and Co.

★

Mr. R. A. J. Fairman, Mr. C. B. Penruddocke and Mr. M. J. Warrener have been appointed salaried directors of GREIG FESTER and GREIG FESTER (LONDON).

★

Mr. C. R. Jones has been appointed financial director of HERBERT MORRIS, succeeding Mr. H. D. Kellie, who has become group financial director.

★

Mr. Brian Hodgson, of B. R. Hodgson, is the new chairman of the DRY LINING AND PARTITION ASSOCIATION, succeeding the retiring chairman, Mr. P. Higgins.

★

Mr. Alan Hill has been elected president of the INSTITUTE OF BRITISH CARRIAGE AND AUTOMOBILE MANUFACTURERS. Mr. Hill is manager of hardware and trim development for Leyland Cars at the Cowley Body Plant.

Mr. Gontran Goulden, deputy chairman of the BUILDING CENTRE GROUP has retired from executive duties.

★

Mr. Alan Marsh and Mr. Geoffrey Walton have been appointed to the Board of H. CLARKSON AND CO.

★

Mr. Edward du Cann, Conservative MP for Taunton, has been appointed a director of CENTRALISED AUDIO SYSTEMS.

★

Having completed his period of secondment with LUBRICATION ENGINEERS (U.K.), Mr. G. W. Bonfield is resigning as director and company secretary from Monday. He is returning to take up a post within the Butterfield-Harvey Group.

★

Mr. B. G. Harkin, who has recently taken up the post as chairman of the Labour Relations Agency, has resigned as chairman of STRATHEARN AUDIO. He has been replaced by Mr. G. R. Bish.

★

Mr. Tony Peers has been appointed to the Board of BABCOCK AND WILCOX MANAGEMENT as director of industrial relations.

★

Mr. Assem Allam has been appointed finance director of TEMPEST DIESELS, a Charterhouse Group company.

★

Mr. Roger Macey has been appointed a director of P. S. MOSSE AND PARTNERS and Mr. Phillip Hancock has been made an assistant director.

★

Mr. C. A. Lomberg is to be appointed chairman of the process plant contracting group of SIMON ENGINEERING in succession to Mr. J. E. Chick who is retiring at the end of July. It is intended that Mr. Lomberg will become a director of the company at that time. He has been succeeded as managing director of Sim-Chem by Mr. M. Hamshaw.

★

Mr. W. G. L. Dorkings has been appointed a non-executive director of WOODHOUSE AND RIXSON (HOLDINGS). Mr. John Robinson has become managing director operations of the Woodhouse and Rixson Group, but will not be on the main Board. Mr. G. Scott Baker remains chairman with responsibility for overall policy, planning and development.

★

Mr. D. W. Croshaw has resigned as managing director of SERVICE (ENGINEERS) and will continue as chairman until his retirement on June 24. Mr. A. Bradshaw is now managing director and Mr. E. Green has been appointed works director.

★

Mr. W. Tinch has become chairman of ABERDEEN CONSTRUCTION GROUP and continues as managing director and chief executive. Mr. A. G. Anderson has been appointed deputy chairman and remains chairman and managing director of William Tawse. Mr. J. M. Forbes has been made chairman of Alexander Hall and Son (Builders) in addition to his position as managing director of Hall Builders.

OVERSEAS MARKETS

Early small losses in slow trading

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Feb. 28.

FURTHER SMALL losses were recorded in slow trading on Wall Street to-day, reflecting economic *uncertainties* here and abroad.

At 1 p.m. the Dow Jones Industrial Average was off 1.58 at 931.85 and the NYSE All Common Index shed 10 cents to $53.99, while declining issues outpaced advances by a three-to-two majority. Trading volume further decreased 870,000 shares to 8.97m., compared with 1 p.m. last Friday.

Closing prices and market reports were not available for *this edition*.

The Stock Market continues to be held down by the threat of rising inflation, while the slowness of trading is due in part to waiting for the Index of Leading Economic Indicators, scheduled to be released by the Commerce Department this afternoon.

The Commerce *Department* reported a widening of U.S. January Trade Deficit to a record $1.67bn.

Xerox were off $½ at $49⅞. Polaroid $½ at $35¼, Eastman Kodak $⅞ at $74 and Du Pont $⅞ at $120⅛.

Bic Pen held unchanged at $13⅞ —a Federal Trade Commission Judge dismissed an FTC com*plaint against* the proposed acquisition of a Philip Morris Razor Division.

Sun Oil fell $1⅞ to $41⅞.

Molycorp, however, moved up $1¼ to $48¾ and Marley $1⅞ to $49⅞ after reporting higher earnings.

Grolier, which last sold at $2, reported a year loss and announced it will seek restructuring of its debt. The Exchange said Grolier will not trade to-day.

Fruehauf rose $⅞ to $29½ on ending of merger talks with Koehring, which dropped $2¾ to $14¾.

The American SE Market Value Index was off 0.18 at 110.40, while the trading volume expanded 180,000 shares to 1.42m. compared with 1 p.m. last Friday.

Houston Oil and Mineral, the *most active issue, lost $1¼ to $43⅞*.

OTHER MARKETS

Canada lower

Papers moved broadly higher but the balance of Canadian Stock *Markets* was *lower* in light trading yesterday morning.

Analysts cited the declining Canadian dollar for the strength among the export-intensive Papers. Abitibi rose $¼ to $10½. Great Lakes $⅞ to $29½ and Macmillan Bloedel $¼ to $23½, while Domtar slipped $¼ to $14½.

Home Oil "A" were off $⅞ at $29⅞, Banister Continental $⅞ at $12⅞, Southam "A" $½ at $21⅞, and Gulf Oil Canada $⅛ at $27¼.

PARIS—Irregular, with news of planned short-time at Berliet and Ste Nationale Industrielle Aerospatiale helping to undermine the market.

Steels gave ground. Banks, Rubbers and Foods eased, while Engineerings and Electricals were steady.

Gold Mines were firm, while Americans, Germans, Coppers and International Oils were steady.

AMSTERDAM—Narrowly mixed in slow trading.

Banks eased, while *Insurance*, Transportations and Dutch Industrials were narrowly mixed.

Deli Trading moved up Fls.2.40, KLM Fls.1.10, Audit advanced Fls.8 to 333, YNU Fls.2 to 81, NDU Fls.5 to 200, *Elsevier Fls.2.50 to* 225.

Bonds rose an average of Fls.0.30.

BRUSSELS—Mixed after fairly active trading.

Steels were irregular, Non-Ferrous Metals mixed to higher, Chemicals a little higher, Oils slightly easier, Holdings finished steady, while Utilities were little changed.

South African Golds firmed strongly, U.S. stocks finished narrowly irregular, while Dutch, German and French issues were lower.

GERMANY—*Mostly* lower. A major factor in the decline was strong Foreign selling of Siemens, which declined DM3.60 to DM242.50. Continued U.S. pressure to dissolve the huge nuclear power plant contract of Siemens Kraftwerk Union Unit with Brazil apparently played a major role in this selling pressure.

Brown Boveri dropped DM6 to 227—it also is engaged in nuclear power plant *manufacture*. AEG, however, rose DM0.50 to DM86.20.

Daimler lost DM2.50 to DM335. VW DM1.20 to DM137.80 and BMW down DM0.50 to DM225.

Deutsche Bank, *off* DM2.6 at 264, led the decline among major Banks.

Public Authority Loans were DM0.20 higher. The Regulating Authorities sold DM18m nominal of stock. Mark Foreign Loans were firmer.

SWITZERLAND — Mixed in quiet trading.

Banks, Industrials and Chemicals were irregular, most Insurances were steady, while Financials were easier.

Zurich Insurance Bearer fell Sw.Frs.75 to Sw.Frs.8,000 and *Jelmoli* were *Sw.Frs.25* at Sw.Frs.1,130 and Hero Sw.Frs.40 at Sw.Frs.3,050, but Cortaillod rose Sw.Frs.70 to Sw.Frs.1,200.

In a fairly active Foreign sector, Dollar stocks improved slightly, Dutch Internationals pointed slightly higher and Germans generally posted small gains.

COPENHAGEN—Generally higher in fair dealings.

OSLO—Industrials were slightly firmer, Insurances steady, while Shippings and Bankings were quiet.

VIENNA — Steady, although Insurances *drifted* lower.

MILAN—Irregularly lower, but *with renewed demand towards the* close.

Pirelli Spa rallied Lire21 to 1,112 *after the proposed* dividend of Lire80. Montedison gained Lire1.5 to 321 ahead of the Board meeting.

Bonds were quietly steady.

JOHANNESBURG—Gold shares firmed in line with European bullion indications, but profit-taking pared some gains toward the close.

Financial Minings followed producers. Coppers were mixed to easier while Platinums were little changed.

TOKYO—Prices continued to advance, with selective demand sustained in *anticipation* of a further market upturn in March. Volume 200m. shares.

Buying *interest was also* aided by renewed expectations of an official discount rate cut soon.

Petroleums and Resources-Related issues continued on demand on the Yen's strength against the dollar.

HONG KONG—Small gains in moderate trading.

Hong Kong Land were up 5 cents to $HK7.25, Hutchison 5 cents to 3.275, Wheelock "A," 2½ cents to 2.55, Jardine 40 cents to 17.10, Hong *Kong Electric* 5 cents to 5.45, Hong Kong Telephone 25 cents to 31.75, and New World 1 cent to 1.49.

AUSTRALIA — Prices drifted lower in aimless trading. Buyers were waiting the outcome of the National wage case which starts *to-morrow*.

BHP fell 14 cents to $A6.56.

Banks were *slightly easier*. Finance, Insurance, Properties and Building Material Supply Groups were *reasonably steady*, while Breweries and Tobaccos were mixed.

Renison also were up 10 cents to 8.90. In otherwise dull Uraniums, Kathleen Investments jumped 7 cents to 1.00 on a vague takeover *rumour*.

Pancontinental fell 22 cents to 8.50 and Utah 10 cents to 4.35.

Indices

NEW YORK —DOW JONES

	Feb. 25	Feb. 24	Feb. 23	Feb. 22	Feb. 18	Feb. 17	1976/77 High	1976/77 Low	Since compilation High	Since compilation Low
Industrial	933.43	932.69	938.25	939.91	940.24	943.73	1014.79 (21/9)	856.71 (2/1)	1051.70 (11/1/73)	41.22 (2/7/32)
Home Bonds*	90.06	90.94	91.06	91.05	91.03	91.34	93.37 (16/1/77)	86.68 (13/7)	—	—
Transport	221.81	221.39	222.66	225.66	224.92	225.21	237.52 (13/1/77)	175.69 (2/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	104.67	105.60	106.06	106.21	106.69	106.82	111.07 (25/1/77)	84.8 (26/5)	163.32 (20/4/65)	10.50 (28/4/42)
Trading vol 000's	17,810	18,240	18,240	17,750	19,540	18,840	—	—	—	—

* Basis of index changed from July 1.

	Feb. 22	Feb. 11	Jan. 21	Year ago (approx.)
Ind. div. yield %	4.46	4.45	4.27	3.74

STANDARDS AND POORS

	Feb. 25	Feb. 24	Feb. 23	Feb. 22	Feb. 18	Feb. 17	1976/77 High	1976/77 Low	Since compilation High	Since compilation Low
*Industrials	110.68	110.72	111.33	111.86	112.29	112.10	120.89 (21/9)	101.64 (2/1)	134.64 (11/1/73)	3.52 (30/6/32)
†Composite	98.48	99.60	100.19	100.49	101.13	100.92	107.83 (21/9)	90.90 (2/1)	120.65 (11/1/73)	4.40 (1/6/32)

	Feb. 24	Feb. 16	Feb. 9	Year ago (approx.)
Ind. div. yield %	4.16	3.87	3.99	3.38
Ind. P/E Ratio	10.60	10.94	10.85	13.76
Long Govt. Bond yield	7.77	7.65	7.64	6.79

N.Y.S.E. ALL COMMON

Feb. 25	Feb. 24	Feb. 23	Feb. 22	1976/77 High	1976/77 Low
54.09	54.17	54.50	54.66	57.88 (31/12)	37.08 (2/1/76)

Rises and Falls	Feb. 25
Issues Traded—1,866	Up—548
Down—860	Same—452
New Highs—16	New Lows—22

MONTREAL

	Feb. 25	Feb. 24	Feb. 23	Feb. 22	1976/77 High	1976/77 Low
Industrial	180.07	179.14	179.69	180.15	207.33 (19/5)	161.34 (30/11)
Combined	178.64	178.20	179.44	178.86	199.78 (20/5)	162.16 (30/11)
TORONTO Composite	1,010.1	1,007.8	1007.0	1006.0	1106.2 (13/5/76)	920.1 (30/11/76)
JOHANNESBURG Gold	178.0	177.0	173.0	171.2	226.7 (12/5)	113.5 (25/6)
Industrials	181.6	182.0	182.2	181.6	210.0 (21/5)	173.8 (30/11)

	Feb. 28	Previous	1976-77 High	1976-77 Low
Australia (a)	425.09	426.25	522.63 (16/3)	404.89 (25/11)
Belgium (b)	97.09	96.81	113.18 (16/2)	87.15 (25/11)
Denmark (d)	104.30	104.28	117.70 (19/8)	96.48 (1/12)
France (e)	53.9	55.2	74.5 (13/3)	51.5 (1/12)
Germany (f)	716.0	717.2	821.7 (17/3)	687.7 (29/10)
Holland (g)	83.2	83.2	105.3 (16/2)	77.9 (13/10)
Hongkong (h)	427.76	425.42	465.33 (17/3)	364.63 (2/12)
Italy (k)	68.28	68.06	91.57 (23/2)	64.93 (10/11)
Japan§ (m)	382.78	382.52	384.14 (4/1/77)	326.28 (6/11)
Singapore (n)	252.50	253.23	228.16 (3/3)	236.35 (2/1)
Spain (q)	—	96.74	100.19 (5/1)	71.44 (30/12)
Sweden (q)	398.49	400.69	476.98 (10/6)	369.1 (1/2/77)
Switz'l'd (r)	—	294.4	292.6 (12/3)	250.5 (15/11)

Indices and base dates (all base values 100 except NYSE All Common—50, Standards and Poors—10 and Toronto 300-1,000, the last-named based on 1975.) (a) Sydney All Ord. (b) Belgian SE 31/12/63. (d) Copenhagen SE 1/1/73. (e) Paris Bourse 1961. (f) Commerzbank December, 1953. (g) Amsterdam Industrial 1970. (h) Hang Seng Bank 31/7/64. (k) Milan 2/1/72. (m) Tokyo New SE 4/1/68. (n) Straits Times 1966. (p) Madrid SE 31/12/73. (q) Stockholm Industrials 1/1/58. (r) Swiss Bank Corp. 31/12/58. (u) Unavailable. ‡ Excluding bonds. * 400 Industrials. † 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (c) Closed.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM50 denom. unless otherwise stated.
♥ Ptas.500 denom. unless otherwise stated.
♣ Kr.100 denom. unless otherwise stated.
● Frs.500 denom. unless otherwise stated.
‖ Yen 50 denom. unless otherwise stated.
§ Price at time of suspension. a Florins. b Shillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. ‡ Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa ex all. Δ Interim since increased.

£ and gold rise

Sterling closed above $1.71 in terms of the U.S. dollar for the first time since February 11. *Towards the middle* of the month the pound was depressed by disappointing trade figures and *mounting pressure* against continued wage restraint by trade union leaders. Since then it has stabilised around $1.7050, but was pushed up yesterday by natural demand, with the authorities taking advantage of the situation to add further foreign currency to the reserves, but doing little to prevent the general appreciation. Sterling opened at *$1.7090*-$1.7095, and touched a low point of $1.7085-1.7090. It improved to $1.7145-1.7150, *and closed* at $1.7133-1.7143, a gain of 53 points on the day.

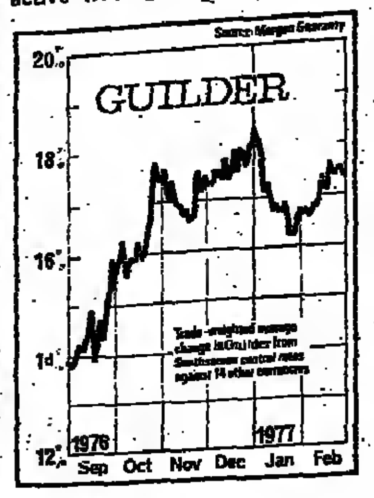
The *pound's* trade-weighted average depreciation since the Washington Currency Agreement of December 1971, as calculated by the Bank of England, narrowed to 43.1 per cent. from 43.3 per cent.

The dollar's trade-weighted depreciation since the Washington Agreement, as calculated by Morgan Guaranty of New York, narrowed to 0.54 per cent. from 0.62 per cent.

The Swiss franc remained weak, *closing* at Sw.Frs.2.5570 in terms of the dollar, compared with Sw.Frs.2.5442½ previously. It touched a low point of Sw.Frs.2.5625.

Trading in the Spanish peseta was nervous, reflecting the uncertainty about the Portuguese escudo. Rates were not available for the escudo in London, but the Bank *of Portugal* announced a new rate of 38.726 to the dollar, compared with 33.916 previously, following the devaluation of 15 per cent.

Gold rose $3 to $142¾-143½ in active trading



SPECIAL DRAWING RIGHTS RATES

One SDR is equal to	Feb. 25	Feb. 24
Sterling	0.677026	0.676172
U.S. dollar	1.15622	1.15497
Belgian franc	42.4795	42.6027
Deutschemark	2.76915	2.77805
French franc	5.76491	5.76157
Italian lira	1020.91	1019.75
Japanese yen	327.449	327.203
Dutch guilder	2.88624	2.82240
Swedish krona	4.89775	4.90805
Swiss franc	2.94431	2.94344

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

EXCHANGE CROSS-RATES

Feb. 28	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Fr'nkfurt	—	2.383[illegible]	48.9-09	6.827-633	4.092-102	96.77-82	93.54-59
N. York*	41.75-77	—	20.05-07	2.725-727	1.7[illegible]	40.05-07	39.30-32
Paris	208.025-425	4.98[illegible]	—	13.579-604	8.524-5486	199.46-86	194.50-90
Brussels	16.41-44	36.6[illegible]	7.35-37	—	62.21-92	14.66-70	14.33-38
London	4.[illegible]10	1.713[illegible]-43	8.53½-54½	62.62-77	—	4.27½-28½	4.37½-58½
Am'rd'm	104.515-565	2.498[illegible]-5007	50.105-155	6.2065-610	4.2705-15	—	97.895-875
Zurich	106.73-87	2.55[illegible]-75	51.30-34	6.96-975	4.3785-3830	102.32-41	—

U.S. $ in Montreal. U.S. $=$104.77-78 Canadian cents.
Canadian $ in New York. C$=95.50-95.55 U.S. cents. U.S. $ in Milan 884.00-884.50
Sterling in Milan 1511.00-1511.50 *Rates for Feb. 25

EURO-CURRENCY INTEREST RATES*

Feb. 28	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	W. German mark	Swiss franc
†Short term	11½-12	4⅛-4¾	8½-9½	6-6¼	4½-4¾	1⅝-1¾
7 days notice	12½-12½	4⅝-4⅞	8-2	6-6¼	4½-4¾	1⅞-2⅛
Month	12½-12¾	4¾-5	8-8¼	6⅝-6⅞	4¹⁄₁₆-4⅜	2¹⁄₁₆-2⁵⁄₁₆
Three months	12¾-16¼	6-6¼	7⅞-8⅛	6½-6¾	4⅜-4⅝	2¹⁄₁₆-2⅜
Six months	13-16½	5⅝-6⅞	7⅞-8⅛	6⅝-5⅞	4¹⁄₁₆-4⅜	2¹⁄₁₆-2⅜
One year	13-12½	6-6¼	2⅛-8⅜	6-6¼	4⅞-5⅛	2⅞-5

Euro-French deposit rates: two-day 10¼-10½ per cent.; seven-day 10¼-10½ per cent.; one-month 10⅞-10⅛ per cent.; three-month 11-11¼ per cent.; six-month 11¼-11½ per cent.; one-year 11¼-12 per cent.

Longer-term Eurodollar deposits: two years 7-7¼ per cent., three years 7¼-7½ per cent.; four years 7½-7¾ per cent.; five years 7¾-8¼ per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 4¾-4⅞ per cent.; three-month 5³⁄₁₆-5⁵⁄₁₆ per cent.; six-month 5⁷⁄₁₆-5⁹⁄₁₆ per cent.; one-year 6-6¼ per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs.

GOLD MARKET

	Feb. 28	Feb. 25
Gold Bullion (a fine ounce)		
Close	$142¾-143½	[illegible]
Opening	$141¾-142	[illegible]
Morning fix'g	$142.25 (£83.216)	[illegible]
Afternoon fix'g	$142.75 (£83.275)	[illegible]
Gold Coins (domestically)		
Krugerrand	$146½-148½ (£85½-86½)	[illegible]
New Sov'rgns	$49¼-51¼ (£28½-29½)	[illegible]
Old Sov'r'gns	$45¼-47¼ (£26½-27½)	[illegible]
Gold Coins (Intern'lly)		
Krugerrand	$146½-148½ (£85½-86½)	[illegible]
New Sov'rgns	$47¼-49¼ (£27½-28½)	[illegible]
Old Sov'r'gns	$42¼-44¼ (£24¾-25¾)	[illegible]
$20 Eagles	$231-233	[illegible]

FOREIGN EXCHANGES

Feb. 28	Bank Rate %	Day's Spread	Close
New York	6¼	1.7085-1.7150	[illegible]
Montreal	8	1.7810-1.80[illegible]	[illegible]
Amsterdam	6	4.25-4.30	[illegible]
Brussels	7	62.50-62.85	[illegible]
Copenh'gen	10	10.04-10.10	[illegible]
Frankfurt	3½	4.09-4.12	[illegible]
Lisbon†	6½	—	[illegible]
Madrid	7	110.80-118.80	[illegible]
Milan	15	1,508-1,513	[illegible]
Oslo	6	9.00-9.04	[illegible]
Paris	10½	8.51-8.56	[illegible]
Stockholm	8	7.21-7.26	[illegible]
Tokyo	6½	480-485	[illegible]
Vienna	4	29.08-29.50	[illegible]
Zurich	2	4.34-4.40	[illegible]

† Rate unobtainable in London following 15 per cent. devaluation.

OTHER MARKETS

Argentina	531.94-532.14	Argentina
Australia	1.5505-1.5662	Austria
Brazil	21.89-22.89	Belgium
Finland	6.525-6.535	Brazil
Greece	62.032-64.409	Canada
Hng-Kong	7.95[illegible]-7.970	Denmark
Iran	115-125	France
Kuwait	0.485-0.4[illegible]6	Germany
Luxembg.	62.62-62.77	Greece
Malaysia	4.278-4.279	Italy
N. Zealand	1.779[illegible]-1.7[illegible]	Japan
Saudi Arba.	5.[illegible]	Netherlands
Singapore	4.211-4.220	Norway
S. Africa	1.4789-1.4951	Portugal
U.S.—		Spain
Canada		Switz'land
C$1—		U.S.
U.S. cents	95.47-95.50	Yugoslavia

Rate for Argentina is free rate.

FORWARD RATES

	One month	Three months
New York	1.26-1.16 c. pm	[illegible]
Montreal	3.75-0.65 c. pm	[illegible]
Amst'dam	4⅞-1⅞ c. pm	[illegible]
Brussels	35-20 c. pm	[illegible]
Cop'nhg'n	par-2 ore dis	[illegible]

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—108¼% (108¼%)

NEW YORK

CANADA

GERMANY ◆

Feb. 28	Prices Dm.	+ or —	Div. %	Yld. %
A.E.G.	86.2	+0.5	—	—
Allianz Versich.	384	+2	18c	3.4
B.M.W.	225	—0.6	12	4.0
BASF	164.5		14	5.2
Bayer	133.0	+0.1	14	5.2
Bayer Hypo	272	+1	20	3.7
Bayer Vereinsbk.	265	—4	20	3.3
Commerzbank	185.6	—1	12	4.9
Contl. Gummi	65.9		—	—
Daimler Benz	335	—2.5	17	2.6
Degussa	230.3	—0.7	12	3.9
Demag	145	+1	16	3.5
Deutsche Bank	264	—2.6	20	3.8
Dresdner Bank	210	—1	20	4.6
Dyckerhoff Zemt.	117		6	2.6
Gutehoffnung	166	—0.9	14	4.9
Hapag Lloyd	108	+1	12	5.4
Harpener	156	—2	9	5.7
Hoechst	134.5	—0.9	14	5.2
Hoesch	44.6	—0.6	—	—
Horten	125		14	11.2
Kali und Salz	112		7	3.1
Karstadt	332	—1	y20	3.0
Kaufhof	209.8	—0.2	20	4.2
Klockner DM.100	91.5		—	—
Klock Humboldt	141	—0.5	10	3.6
Krupp	100		—	—
Linde	195.5	—1.5	16	4.0
Lowenbrau	1,710	—10	20	1.2
Lufthansa	97		4	2.1
M.A.N.	156.5	—0.5	14	4.5
Mannesmann	165.5	—0.6	17	4.2
Metallgesellschaft	203	+0.9	10	—
Munch. Ruckvers.	498		18	2.1
Neckermann	45.8	—0.3	—	—
Preussag	140	—0.5	7	5.0
Rhein West Elect.	167.5xd		17	5.1
Schering	252	—1.3	20	3.7
Siemens	242.6	—3.6	16	3.9
Sud Zucker	234	—2	14	4.0
Thyssen Hutte	115.5		14	6.1
Varta	256	—5	14	5.4
VEBA	123.4	+0.6	12	9.7
Verein & West Bk.	305		20	2.2
Volkswagen	137.8	—1.2	—	—

AMSTERDAM

TOKYO †

MILAN

Feb. 28	Price Lire	+ or —	Div. Lire	Yld. %
Alitalia Priv.	445	+15	—	—
ANIC	57D	—15.75	—	—
Arsonia Fin.	2,300	—10	120	5.3
Bastogi	841	—9	—	—
Breda	1,645	—5	105	6.4
Burgo	7,500	+20	—	—
Cantoni	4,950	—50	—	—
CIGA	1,350		—	—
Cucirini	3,720	+1	235	5.4
Dalmine	682		75	1.3
Erba	1,560		—	—
Fiat	1,805	—20	100	6.7
Do. Priv.	1,211	—4	100	0.2
Finsider	162	—1	—	—
Generali	37,300	+800	500	13.6
Invest B.	1,900		80	4.2
Italcementi	12,490	—10	300	2.7
Italgas	671	+10.5	—	—
Italsider	240.5	—4	—	—
La Centrale	5,000	—59	400	6.0
Marelli Ercole	964	—2	—	—
Mediobanca	43,500	+310	1,200	2.8
Mondadori Priv.	906	+2	—	—
Montedison	321	+1.5	—	—
Olivetti Priv.	210	+5	—	—
Pirelli & C.	2,235	—28	110	3.0
Pirelli Spa	1,112	+21	80	0.7
RAS	50,100	+200	500	1.0
Rinascenti	51.6	—0.6	—	—
Rumianca	1,726	—4	—	—
S.A.F.F.A.	4,950	+20	200	4.1
S.T.E.T.	1,435	+46	180	1.2
Snia Viscosa	1,170	—11	—	—
Soc. Gen. Immob.	132.5xd		—	—
Unidal	245	—0	—	—

BRUSSELS/LUXEMBOURG

Feb. 28	Price Frs.	+ or —	Div. Frs. Net.	Yld. %
Arbed	3,230	—30	150	—
BBL Bq Brx Lamb.	1,520	—5	40	2.7
Bekart "B"	1,910		105	5.6
CBR Cim Br Lamb.	1,765		110	6.2
C.B.R. Cement	1,410	—10	75	10.7
Cockerill	550	+30	—	—

SWITZERLAND ●

STOCKHOLM

PARIS

AUSTRALIA

OSLO

BRAZIL

JOHANNESBURG

SPAIN ♥

COPENHAGEN ♣

VIENNA

U.S. producer lifts price as lead hits new peak

BY JOHN EDWARDS, COMMODITIES EDITOR

LEAD values rose to all-time peaks on the London Metal Exchange yesterday in a general surge in metal prices. Cash lead closed £8.5 up at £423.25 a tonne. Cash tin gainad £47.5 to £6,130, cash zinc £5.25 to £425.75, and copper cash wirebars £14 to £856.5 a tonne.

After the market closed, a rise in the U.S. lead producer price from 29 cents to 31 cents a ponnd was announced by St. Joe Minerals, the largest primary lead producer in the U.S. Although this follows three U.S. lead prodncer price rises in January, other producers sre expected to follow St. Joe's example in view of the general shortage of supplies in the U.S, aggrsvated by the recent cold weather boosting car battery sales.

On the London market there were rumours of some European lead producers suffering from tecbnical problems which could rednce output when demand is exceeding available supplies.

Although LME warebouse stocks of lead showed only a small decline of 375 tonnes to 68,000 tonnes, it is believed a large proportion of the remaining stncks is already committed for aale, espacially to the Soviet Union.

As a result profit-taking by speculators at the high levels was well resisted yesterday with prices closing only sligbtly below tbe top.

There was the same pattern in the zinc market, whare cash zinc ended bigber despite profit-taking at one stage and a rise ln warebouse stocks of 850 tnnnes tn 78,225 tonnes.

Copper stocks rose sllgbtly more tban expected, increasing 3,600 tonnes to a racord 624,300 tonnes. But the market openod strongly, reflecting the firm tone on New York on Friday night. It was further buoyed up hy a big buying order on tha morning kerb of about 2,000 tonnes.

Subsequently profit-taking brougbt values off the top. Rumours persist, bowever, of a probable rise in the U.S. producer price, which will no doubt he strengthaned by the lead increase; although the fundamental supply-demand situation is very different.

Tin shrugged off a large risa in warehouse stocks—up 905 tonnes to 5,935 toones—to reach new paaks at one stage before easing in later afternoon trading.

The market is awaiting the outcome of the International Tin Council meeting wbich starts in London to-dsy. Tbe main subject for debate will be whether Bolivia can he persuaded to ratify the fifth Tin Agreement on terms acceptable to the consuming countries.

It is rumoured that Bolivia bas the support of other major producing countries in seeking a 15 per cent. increase in the agreement's price range. But it is believed this figure represents the theoretical application of tba formula suggested by the Bolivians for "periodical and systemic" revisions of the tin price range linked to the levet of wage increases in industrialiesd countrias.

It is thought this form of indexation will be strongly opposed by the consumer countries. The agreement could be threatened with collapse or tha formation of an independent association of producers nnly.

U.S. sugar move delayed

WASHINGTON, Feb. 28.

NO CHANGES in current U.S. sugar policies are schednled before March 17, reports Reuter. This is the final deadline for s report by tha International Trade Commission on the effect of sugar imports on U.S. beet and cane growers.

Mr. Bob Bergland, the Agriculture Secretary, who presented a number of policy options to other Cabinet Ministers at the week-end, insisted on a decision by March 17.

Commission staff are due to make their recommendations here to-morrow, and the Commission will decide by vote on Thursday.

If it accepts that imports bsve damaged the domestic industry, the Commission will bave to submit a recommandation to President Csrter by March 17.

Mr. Berglsnd's options range from doing notbing to the imposition of a sbarply reduced short tons instead of tha present global import quota of 4.2m. 7m., and a domestic support price through a loan rate of 13-14 cents a pound.

Officials at the State and Treasury Departments and tha Office of Management and Budgat expressed some concarn over the cost of sugar support and the foreign policy aspects of a low import quota.

Last year the U.S. imported about 4.7m. sbort tons of sugar. A lower glnbal quota would hring the danger of a free-for-all scramble for the U.S. market thio year, when large surpluses ovarbang world markets.

The possibility of returning to country by country import quotas is one of Mr. Bergland's options. But this could cause prohlams for the Stata Department.

Another option would he a smaller reduction ln the current global quota to give traditional suppliars ample access to the U.S. market.

● The British Sugsr Corporation's final estimate of the 1976-1977 U.K. sugar crop is 700.000 tonnas white vslue, a BSC spokesman said. Tbis is exactly midway between the range of its November forecast, when BSC lowered its estimate to 675,000-725,000 tonnes from its September forecast of 700,000-800,000 tonnes due to wet weather. The 1975-76 crop yielded 640,000 tonnes. The 1976-77 campaign is now over.

Cane producers meet

HAVANA, Feb. 28.

REPRESENTATIVES OF the group nf Latin American and Caribbean Sngar Exporting Countries (Geplacea) started a six-day meeting here to-day to co-ordinate positions prior to negotiations towards a new international sugar agreement dne to start in Geneva on April 18.

The 22 Geplacea members with the Philippines, which is also taking part, will also discuss technological co-operation, Sig. Marcelo Fernandez Font, the Foreign Minister, said.

This would include the fight against sugar cane blight which is spreadlng northwards and affecting crops in Guyana and Jamaica.

A new intermediate agreement should ba based on a quota system and not regnlating stocks as advocated by the EEC. He also opposes a policy of retention by exporting countries, which like developing countries, needed cash for their imports.

One step which might be considered by Geplacea could be to sell only when the final purchaser was known, in order to avoid speculation by trading companies. Rauter

New coffee peak after decline

By Richard Mooney

COFFEE PRICES nn the London terminal market fluctuated widely yesterday befnre closing at annther new peak—though still well off the £4,000 a tonne level touched briefly on Friday.

An early rise took the May futures positinn £40 bigber bnt nervousness ahead nf the New York npening hrought a sharp turnround and the price fell mnre than £120.

New Ynrk prices are lagging behind those in London because of the officiat limit on daily mnvements. It would take five successive daily limit movements in New York to make up the current teeway. Bnt London dealers sre aware that the teast sign of hesitancy tn New Ynrk could spark a dramatic fall in their own market.

A smaller-than-expected $10 per 50 kilos rise in the Brazilian minimum export price was alsn seen as bearish intially but was later discounted because current export prices are way above the minimum.

The rise tn London came after New Ynrk had made its npening limit rise, relieving some nf the earlier nervousness. By the close May coffee was quoted at £3.820 a tonne, up £87.5 on the day.

Cocoa regains early fall

LONDON COCOA futures fell sharply yasterday morning, when the May position slipped to £2.460 a tonne, but recovered to and higher on tbe day. Msy cocoa advanced £11 on balance to £2,552.5 a tonna.

Dealers attributed tbe fsll to a tecbnical correction to the recent rise aided by bearish remarks in the latest market report by London merchants Gill and Duffus. But they ware hy no means clear on the reasons for the subsequent rise.

The Gill and Duffus report wsrned that consumption would suffer a major sathack this year and argued that prices had already moved bigh enough "to produce the necessary price rationing effect."

"In Accra the Ghana Cocoa Marketing Board said it estima'ed main crop purchases last week (tbe 21st of the season) at 2,221 tons, taking cumulative purchsses to 301.483 tons compared with 378,041 after 21 weaks last year. The figure was broadly in line with market forecasts and had no discernible effect on prices,

EEC BUTTER SURPLUS

'Baby-size' problem will grow quickly

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE FUSS over the sale of cheap butter by the EEC to the Soviet Union is being explained away by the embarrased officials that the quantity, like the parlourmaid's illegitimate baby, is very small indeed.

Spread out between the 250m. inhabitants of the Community it would amount to no more than enough to butter a few slicaz of bread.

This rationslisation ie correct as far as it goes. But in reality the present commotion is symptomatic of a very serioua situation which is only half nnderstood.

The basic difficulty is that milk in the Community is in an increasing over-supply which of course, everybody knows. But this ovar-supply is aggravated by giving the dairy farmer support through butter and okimmed milk powder instead of some other product wbich might be easier to dispose of througbout the Community.

The EEC produces 25 per cent. of the world's milk and 27 per cent. of its hutter. Between 1965 and 1975 milk production in the Community rose 25 per cent., hutter and skimmed milk 23 per cent. and cheesa nearly 50 per cant.

Diversify

The presant butter "mountain" in intervention or private stores is 230.000-tonnes. It is heing predicted that by the end of the summer, this will douhle. Cheese stocks are high, but not yet oppressively so; unlike huttar there is only a thresbold price to restrict chease imports not an intervention system.

Milk manufacturers are being exborted to diversify into other lines or to encourage the sale of more liquid milk, but without significant success.

All over Europe the consumption of milk products in any form but cheese is falling. But aven if cheese consumption could be increased it wonld not take much milk away from the butter churn.

This is because it tskas only one gallon of milk to make a pound of cheese while hutter absorbs between 2½—3 gallons of milk for a pound. Even cheese-making does not completely prevent butter manufacture, as most processes do have some butter as a by-product.

The attractions of making butter under the Community system were highlighted recently by Mr. Patrick O'Neill, haad of one of Ireland's biggest co-operative creameries. He said because creameries had to pay the highest possible prices to farmers there was no alternative on the market to butter and skimmad milk manufacture with intervention as the probable destination. Any attempt to diversify brought lower prices, farmer criticism and loss of supplies.

The same considerations apply throughout Europe.

But while butter consumption is falling among tbe EEC member States, it is still very much bighar than in many other societies. Tba U.S., with rougbly a comparsbla populstion, manages to survive with a quarter of the EEC butter consumption a head. Only the USSR aproaches the EEC appetite, with about 60 per cent. of Community consumption.

Every time a tonne of butter is made there are two tonnes of skimmed milk powder to dispose of. This is a valuable source of protein for humans and animals. But under the Community system it has been priced too high. The intervention price for skimmed milk powdar proposed in Britsin for this marketing year is £536 a tonne—for a product which is worth less than £200 as animal feed if it is to compete with alternative supplies.

The British market has been the main safety valve for excess European butter production. In 1975 the U.K. consumed about 500,000 tonnes, of which New Zealand supplied 120,000, the EEC 360,000 and British fsrms 40,000.

Last year the British-made proportion has probably doubled. But consumption is falling, and expected to fall faster as prices rise—as they will have to soon under EEC arrangements. Trada sources predict that by the time full EEC prices are reached consumption could be down by 200.000-tonnes.

The complacency with which thio figure is accepted by all sides of the milk industry is astonisbing, but probably reflects the absenca of any sansible solution to a prohlem which looks like getting worse.

The only practical step proposed is to reduce or eliminate the New Zealand quota. The argument is that as consumption falls the New Zealand quota of about 120,000 tonnes would be out of proportion to its present share of the market.

The Commission's present proposals for bribing small dairy farmers to give up milking is, I believe, founded on misunderstanding. Even if it ware possible to dispossess all those farmers in tha Community with fewer than nine cows which mske up 63 per cent. of dairy farmars, about 80 per cent. of tha cows would ba left. It is cows, not man, which produca milk.

Consumer

The fact that mora land would becoma svallable if smaller farmers left would probably mean that those remaining would keap evan more cows. Although it is difficult to prove this statistically, it la probable that the continually increasing production is coming from the largar units.

The co-responsibility levy proposed would not do much to reduce surplusas unless it was really swingeing and accompanied by a fall in prices to the consumer. It is doubtful if any such scheme could causa production to fall.

The EEC milk support appropriationa for the last year amounted to 78 units of account a Community cow. That is £44 at the present "Green pound" rate, a high price to pay for a food which seems to be of declining importaoce in Wastern Europe.

Milk powder

THE EEC Commissinn will start permanent mnnthly tenders next month in a bid to reduce the surplus nf milk powder in officiat stores, Reuter reported yesteday. Powder sold under tender will have to be incorporated tn animal feed fnr pigs and pontry and have been in EEC Intervention stores since the start nf tast year.

The milk mountain has fatlen to 967,000 tonnes from 1.2m. at the start nf this year, partly due to the Commission's compulsory incorporation scheme. A further 400,000 tonnes could be sold through the tenders. This is the first drop below the 1m. tonnes in 18 mnnths.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £866.5, three months £886, 85.5, 86, 85, 84, 84.5, 85. Cathodes, cash £847, three months £878.5, 78, 78.5. Kerb: Three months £885, 84.5, 85, 85.5. Afternoon: Wirebars, three months £888, 87.5, 87, 86.5, 87, 86, 87, 86.5. Cathodes: Three months £877, 78.5. Kerb: Cash £858, three months £883, 86.5, 86. Cathodes: Cash £847.

I.G. Index 01-351 3466 Three months copper 882-891

RUBBER

EASIER opening on the physical market. Fair covering throughout the day, closing slightly steadier. Lewis and Peat reported a Malaysian godown price of 199 (202) cents a kilo (buyer, April).

SOYABEAN MEAL

SUGAR

COFFEE

SILVER

COCOA

GRAINS

JUTE

WOOL FUTURES

COTTON

PALM OIL

MEAT/VEGETABLES

PRICE CHANGES

Prices per ton unless otherwise stated.

COMPANY NOTICES

GROUPEMENT DE L'INDUSTRIE SIDERURGIQUE

9.75% 1975/1983

Loan of U.A. 15,000,000.—

Amortization of U.A. 500,000.—on April 10th, 1977

Talks start on seabed minerals

GENEVA, Feb. 28.

DELEGATES FROM about 40 countries started a two-waak informal meeting here to try to break the deadlock between industrial and developing countries ovar exploitation of minerals on tha seabed.

The meeting of the "Evensen Group" is aimed at reaching a basis for agreemeot before the next UN Law of the Sea conferenca, schaduled to stsrt in New York in May.

The issue of how to regulate exploitation rights for the world's seabed deposits of msnganese, copper snd nickel has been tha major stumbling block in efforts towards a UN oceans treaty.
Reuter

SARDINE FISHMEAL SOLD BY PERU

LIMA, Feb. 28.

PERU HAS sold 7,000 tonnes of sardine fishmaal to West Garmany, Epchap sourcas said.

This is Peru's first sbipment abroad since the Fisheries Minlstry authorised large-scale sardina fishing for fishmeal and oil. Epchap, the State-owned fishmeal and oil marketing company, is preparing further shipments for Europe and Asia.

Meaowhile, fisheries and oceanographic sources said the warm Nino current bad returned to southern Peruvian waters, threatening the ancbovy stock off the province of Moquegua, Water temperature has reached 24 degrees centigrade in some areas compared with a normal 15 degrees.

The Fisheries Ministry said that sardine fishing would be automatically suspended when catchea included more than 30 per cent. of 26 centimetre sardines.
Reuter

INDONESIA NICKEL PLANT OPENING

JAKARTA, Feb. 28.

The $850m. nickel plant run by Inco in Central Sulawezi (Celebes) will be dedicated by President Sukarto in April.

The plant, capahle of producing 16,000 tonnes of nickel matte a year, wil also produce ferro nickel.
Reuter

W. GERMANY BUYS BOLIVIAN MANGANESE

LA PAZ, Feb. 21.

Bolivia will export 10,000 tonnes of manganese to West Germany this year and 10,000 tonnes more in 1978, Carlos Morales, manager of the Bolivian Steel Company (Sidersa) said here
Reuter

STOCK EXCHANGE REPORT

Stock markets start new Account in confident mood

Index 9 up at 9-month high of 410.7—Gilts and Golds good

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Feb. 14	Feb. 24	Feb. 25	Mar. 8
Feb. 28	Mar. 10	Mar. 11	Mar. 22
Mar. 14	Mar. 24	Mar. 25	Apr. 5

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Hopes hinged on taxation cuts in next month's Budget and optimism that the downtrend in interest rates will result this week in a further reduction in Minimum Lending Rate were the main factors leading to a bright showing in stock markets yesterday at the start of a new Account. Helped also by renewed firmness in sterling, Gilt-edged featured on a demand which found stock in short supply and left widespread gains ranging to 1½; the bigger rises were seen in long-dated issues which were going even higher in the late trade. The Government Securities index put on 0.49 to 65.80, which is 0.65 below the 1976-77 peak recorded about two weeks ago.

Leading equities were also good and prices closed at, or near, the day's best. Up 9.4 at 3 p.m., the FT 30-share index ended a net 9 points up at 410.7. This is its highest since May 12 last and is 10.1 off the 1976-77 high touched eight days previously. Trading conditions were much the same as in the Funds, with stock shortage leading to bigger gains than warranted by actual business. Second-line issues were particularly active again with persistent small demand still being focussed on situation stocks, and the names of Sayers (Confectioners) and Sheffield Brick were yesterday added to the fairly lengthy list of companies in receipt of bids.

Rises led falls in FT-quoted equities by 9-to-2, and the FT-Actuaries All-Share index rose 2.1 per cent. to 170.77 which is close to the 1976-77 high of 172.64 recorded 13 months ago. Hopes of tax cuts and cheaper money led to an above-average rise of 4.3 per cent. to 125.75, in the Stores subsection. Yesterday's official markings of 6,298 were, however, a little disappointing in that they were below last week's daily average of 6,851. South African Golds extended the recent advance and took the Gold Mines index up 8.2 more to 133.4 which is up over 40 per cent. from its level at the beginning of February.

Gilts strong

The tone in sterling gave confidence to prospective buyers of Gilt-edged which, after slight hesitancy in the opening dealings, made progressive headway to close with gains extending to a point and more. British Leyland's labour situation failed to dampen enthusiasm and with stock becoming increasingly scarce, particularly at the longer end of the market where the emphasis was on a select few issues, the upturn continued in the after-hours' business. The enlarged demand reflected further considerations of the yields currently offered by British Funds and the revived hope that interest rates would shortly be allowed to fall again. Many longer-dated stocks gained 1½ and were trading to improve even more late in the evening, while the shorter Exchequer 12¾ per cent., 1981, rose nearly a point to 103$\frac{3}{16}$. The recently-issued Corporation of London 13½ per cent., 1987, moved up ⅛ to £10$\frac{1}{16}$, in £10-paid form.

A small two-way trade which included business on arbitrage account caused the investment currency premium to fluctuate between 108¼ and 110½ per cent. before a close of 108¾, up ¼ on the day. Yesterday's SE conversion factor was 0.7230 (0.7317).

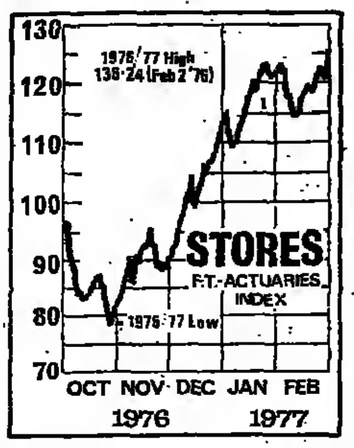
Already a few pence firmer in reply to the general trend, Composite Insurances improved further following Commercial Union's results, which were slightly better than expected. Details of the return to profitability and halved underwriting deficit helped CU advance 6 to 121p, while Royals gained a similar amount to 312p in front of their results, due to-day. Eagle Star were 6 higher at 126p and Guardian Royal Exchange 5 up at 196p. Life issues were helped by publicity given to a brokers circular. Legal and General rose 5 to 123p and Equity and Law 4 to 126p. Despite the disappointing results, Sedgwick Forbes, at 259p, held an early marginal improvement in Brokers.

The big four Banks closed firm but the volume of business left much to be desired. In front of to-day's results, National Westminster added 6 at 228p, while Midland, which bring the season to a close on Friday ended the same amount up at 258p. Allen Harvey and Ross, in Discounts, improved 10 to 420p in front of to-day's preliminary figures.

Two notable features emerged in Buildings. Sheffield Brick jumped 16 to 90p to match the price offered by Raine Engineering (unaltered at 16½p), while Misconcrete saw a continuation of demand which developed late last Friday to close 10 to the good at 64p.

Blagden and Noakes stood out in Chemicals with a gain of 12 to 148p on buying ahead of the annual results, due March 10. ICI touched 340p xd in fairly busy trading before closing a net 4 higher at 339p xd, while Fisons, helped by Press comment, ended 2 harder at 307p; the results are due next Tuesday.

Although the Electrical leaders were firm, it was the secondary issues that were sought after following the recent bid tussle for Ultra Electronics. Ultra were only a penny higher at 210p, in line with the cash offer from Dowty (1 up at 111p) which, after buying in Racal's stake in Ultra, seem assured of success. United Scientific jumped 18 to 190p, while gains of 10 and 7 respectively were scored by Electrocomponents, 134p, and Muirhead, 167p. Pethow, with the help of Press comment, rose 9 to 156p, but last week's high flier, MK Electric improved only 3 to 132p; the latter announced over the weekend full production from its Singapore factory by the spring. Newman Industries jumped 8½ to 58p on the chairman's bullish statement about the volume of export orders. Of the leaders, EMI gained 6 at 223p; the interim results are due Thursday. Improvements of 4 were seen in GEC, 190p, and Plessey, 71p, while BICC rose 5 to 101p.



Stores wanted

Having lagged behind the rest of the market recently the Stores sector came alive yesterday when buying on hopes that any tax cuts in the forthcoming Budget would give a substantial boost to sales prompted numerous sharp gains. Marks and Spencer rose 5 to 105p and Gussies A were 10 better at 186p, while Woolworth rose 3 more to 63p; the last-named has results due on March 9. Burton A rose 8 to 72p with buyers still looking for possible early enfranchisement moves and Hepworth hardened 4 to 42p following Press comment. Up 35 last week, Elys (Wimbledon) continued to be speculatively supported and spurted 23 to 90p, while Lee Cooper, after last Friday's rise of 6, put on 9 more to 75p reflecting week-end Press mention. Improvements of 4 and 3 respectively were recorded in Bourne and Hollingsworth, 56p, and Grant Bros., 73p, while Allied Retailer fared well with a rise of 7 to 86p. Vantona put on 5 to 98p, after 100p, and British Home 6 to 165p.

The Engineering majors took part in the general market advance. Tube Investments gained 10 to 1976/77 peak of 392p and GKN rose 8 to 338p, while John Brown, 169p, Hawker, 523p and Vickers, 164p, were all around 5 better. Elsewhere, Tecalemit attracted speculative support and jumped 12½ to 70p, while Rotork put on 8 to 101p and L. Gardner 7 to 158p. Press comment drew buyers' attention to Herbert Morris, which advanced 7 to 16½p xd. Trading statements prompted rises of 3 and 4 respectively in Matalrax, 19p, and Abel Morrall, 32p. International Combustion hardened 1½ to 11½ and APV rose 7 to 315p. Ransomes Sims and Jefferies, however, cheapened 5 to 110p, after 108p, on disappointment with the results and Woodhouse and Rixson, for a similar reason, ended 2 off at 35p. The bid, worth 7½p per share, from Midland Northern Trust brought about a slight reaction in George Whitehouse, 10p. In Shipbuilders, Yarrow gave up 2 to 170p on the lower profits.

Sayers (Confectioners) were outstanding in Foods, rising 13 to 32p on the agreed bid from United Biscuits (4 higher at 145p). Brooke Bond were active and 2½ better at 32p following Press comment, while J. Lyons moved up 5 to 72p influenced by the company's circular describing its recent disposals. Fresh speculative interest put FMC 4 better at a 1976-77 peak of 86p and similar gains were seen in J. Sainsbury, 144p, and J. Bibby, 126p. Pork Farms were raised 10 to 140p, but Fox's Biscuits, at 115p, made no response to the interim report. Supermarkets had F. J. Wallis 3 better at 40p in front of to-day's preliminary results.

Boost for Boots

In line with a good Stores sector, Boots attracted persistent demand on hopes of tax concessions in the coming Budget; the shares rose smartly by 7 to 144p. Other miscellaneous Industrial leaders had gains to 8 as in Beecham, 408, and Unilever, 452p, the latter in front of to-day's results. Turner and Newall improved 5 to 158p ahead of preliminary figures, due March 8. Among secondary issues, Coral Leisure rose 9 to 110p with the aid of Press comment and, for similar reasons, Wm. Press added 5½ at 44½p and Pilkington 10 at 310p. Rises of between 6 and 8 were scored by Avon Rubber, 106p, Hay's Wharf, 86p, Kode International, 63p, Petrocon, 74p, and Trafalgar House, 115p. Campari, with a gain of 6 to 52p reflected the good interim profits statement.

Motors and Distributors had their fair share of firm spots. Dunlop closed 4 better at 97p, while gains of around 8 were seen in Automotive Products, 70p, and Honchin, 98p. Mann and Overton, at 86p, held an early improvement of 4 after the announcement that Winn Industries (2 harder at 29p) had sold their 22 per cent. shareholding in the company. Lex Service responded to Press comment with a rise of 2½ to 49p. Awaiting the outcome of two crucial meetings, British Leyland held at 23p.

Thomson Organisation highlighted Newspapers, rising 15 to a 1976-77 peak of 455p on revived North Sea oil speculation. Daily Mail A improved 8 to 288p and Associated 4 to 175p. Publishers were notable for a rise of 6 to a 1976-77 peak of 95p in Associated Book Publishers. Elsewhere, Lowe and Brydone stood out with an improvement of 10 to 48p following Press comment.

North Sea oil hopes

A revival of speculative interest occurred in Oil shares with North Sea interests. Of the leaders, British Petroleum were one of the few issues to close below the day's best, some late afternoon profit-taking leaving the price 10 up at 904p, after 910p. Shell closed at the top, also with a gain of 10 at 518p, but Royal Dutch ended just above the day's worst at £43½, up ½. Despite adverse Press comment, Oil Exploration jumped ahead by 8 to 86p, while a more favourable mention helped Tricentrol gain 6, at 144p. A good deal of interest was aroused by Premier Consolidated's agreed offer for Ball and Collins, the latter ending 9 to the good at 66p, after extremes of 62p and 70p; Premier recovered from an initial mark-down to close ¼ off at 12½p, after 11p. LASMO improved 5 to 325p and Ultramar 4 to 160p, after 162p. Burmah were a penny harder at 66p, after 67p.

Properties were firm, but without any highlights. Land Securities typified the trend with a gain of 4 to 168p. B. Sunley were an above-average performer, gaining 8½ to 136p ex on revived bid hopes.

Overseas Traders closed with widespread gains and Inchcape, mirroring Press mention, moved up 13 to 340p ex the scrip issue.

Erskine House featured a generally uninspiring Trusts section, rising 9 to 50p on speculative support. London Trust Deferred, the principal takeover favourite of the previous week, encountered another fair turnover and finished 3 better at 164p following the announcement that Guardian Royal Exchange has built up a shareholding of around 15 per cent. Smith Bros. stood out in Financials, firming 3½ to 45p xd in response to Press comment.

Textiles, apart from Slimma, at 89p, which gave up 7 of last week's strong advance prompted by the bid approach from Tootal, made fresh headway. Courtaulds rose 6 to 115p, while Geo. Spencer, 39p, Tricoville, 27p, and William Reed, 39p, all closed 3 higher.

Imps attracted a fair amount of interest and closed 2½ harder at 73p, while Rothmans firmed 1½ to 27p.

Teas were firmer throughout. Warren Plantations again featured with a rise of 9 on newspaper mention to a 1976-77 peak of 139p for a two-day gain of 17. Rubbers had an isolated feature in Guthrie, which improved 10 to 195p.

Good gains in Golds

The recent upsurge in South African Golds continued for the sixth successive trading day in the wake of the further rise in the bullion price, which closed $3 up at $143.125 per ounce—its highest since November 13, 1975—reflecting growing optimism over the outcome of next Wednesday's International Monetary Fund auction.

The sharemarket opened on a firm note owing to the sharp rise in both the metal and shares in transatlantic markets on Friday evening, and following persistent buying orders from all quarters prices moved ahead strongly to close around the best despite some U.S. offerings in late trading.

The resultant 8.2 rise in the Gold Mines index to 133.4, its highest level since December 9, was the biggest one-day gain since November 10.

Gains in the heavyweights extended to £1½ as in Randfontein, £25¾, while rises of around a point were seen in both President Brand and Western Holdings at £10 and £14 respectively. Durbans advanced 85 to 845p and Western Deep 50 to 780p.

Financials mirrored Golds. In the overseas-based issues Union Corporation were outstanding at 235p, a gain of 25. Press mention enabled UC Investments to close 22 higher at 168p. Of the London-registered stocks Gold Fields, which figured prominently in our list of active stocks, jumped 10 to 175p and Rio Tinto-Zinc 6 to 194p.

Platinums generally improved in sympathy with Golds while Tins were influenced by the initial firmness of the investment currency premium. Pacific Copper rose 5 to 35p on speculative buying while Irish interest left Whim Creek a similar amount better at 105p.

FINANCIAL TIMES STOCK INDICES

	Feb. 28	Feb. 25	Feb. 24	Feb. 23	Feb. 22	Feb. 21	[illegible]
Government Secs	65.80	65.31	65.40	65.45	65.09	64.98	[illegible]
Fixed Interest	65.11	64.89	64.80	64.77	64.84	64.78	[illegible]
Industrial Ordinary	410.7	401.7	402.3	402.1	397.7	389.0	[illegible]
Gold Mines*	133.4	125.2	122.7	119.1	116.1	112.9	[illegible]
Ord. Div. Yield	6.67	6.78	6.77	6.77	6.84	6.96	[illegible]
Earnings Y'ld % (full) (*)	18.24	18.59	18.45	18.44	18.64	19.02	[illegible]
P/E Ratio (net) (*†)	7.88	7.73	7.81	7.81	7.73	7.56	[illegible]
Dealings marked	6,298	7,683	6,946	6,830	6,145	5,811	[illegible]
Equity turnover £m.	—	77.80	73.69	67.93	68.10	59.88	[illegible]
Equity bargains total	—	19,330	17,413	16,017	16,172	12,651	[illegible]

10 a.m. 403.6. 11 a.m. 407.1. Noon 408.1. 1 p.m. 409.8. 2 p.m. 410.7. 3 p.m. 411.1.

Latest Index 01-246 8026.

* Based on 52 per cent. corporation tax. † Nil=7.82.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/10/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1976/7 High	1976/7 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	66.45 (10/2/77)	55.88 (27/10)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	65.90 (28/1/77)	55.37 (28/10)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	420.8 (4/5)	266.3 (27/10)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	246.9 (2/1/76)	78.8 (25/8)	442.3 (22/5/16)	42.5 (26/10/71)

S.E. ACTIVITY

	Feb. 28	[illegible]
Daily—		
Gilt-Edged	118.7	[illegible]
Industrials	220.8	[illegible]
Speculative	58.9	[illegible]
Totals	143.3	171.8
5-day Av'r'ge		
Gilt-Edged	193.3	[illegible]
Industrials	235.2	[illegible]
Speculative	60.1	[illegible]
Totals	153.6	[illegible]

FT-Actuaries Indices

The FT-Actuaries share indices display is presented in an altered lay-out from to-day. This is preparatory to the introduction shortly of new and enlarged fixed interest indices to replace all the existing ones in the series.

Because of space requirements, the column of price/earnings ratios on "nil" earnings is dropped in preference to the continuing display of a full week's indices. For the same reason, the highs and lows record, base dates and values and constituent changes will be published only on Saturdays.

Also from to-day, the old numbering system is replaced by the new staggered numbering which provides more flexibility for future changes.

Interest rates on industry loans reduced

THE MAXIMUM rate of interest relief grant and interest for loans under Section 7 of the Industry Act 1972 were reduced yesterday.

The rate of interest relief grant available where it would be appropriate to allow the equivalent of an interest-free period on a Department of Industry loan—but where firms obtain their finance from other sources—is cut from 15 per cent. to 14½ per cent for each interest-free year.

The "concessionary" rate of interest on loans for employment-creating projects is reduced from 12 per cent to 11½ per cent. The "broadly commercial" rate of interest on loans for modernisation not providing additional employment is reduced from 15 per cent to 14½ per cent.

Dumping probe results soon

By John Hunt

AN ANNOUNCEMENT will be made by the Government in a few days time on the results of the Department of Trade investigation into complaints of the dumping of Eastern European clothing in Britain.

This was disclosed last night by Mr. Michael Meacher, Under-Secretary of Trade, in a written Commons answer.

He was replying to Mr. Max Madden (Lab., Sowerby), who asked if he would make a statement on the complaint from the Clothing Manufacturers' Association about such dumping.

Cunningham tour

DR. JOHN CUNNINGHAM, Parliamentary Under-Secretary of State for Energy, will look at oil and the offshore industry, coal and gas technology and progress in industrial energy-saving on a two-day visit to Scotland this week. He will go to the Offshore Supplies Office, Glasgow, the MacAlpine-Sea Tank platform construction yard, Ardyne Point, Caterpillar Tractors, Glasgow, the Oil Development Council meeting in Edinburgh and the British Gas Council Westfields Development Centre, Fife.

Portugal sees tourism boom

PORTUGAL'S DEVALUATION of the escudo by 15 per cent will ensure a boom year for tourism, the Portuguese National Tourist Office in London said yesterday. "This should be the Year of Portugal."

Mr. Harry Chandler, head of the Travel Club said the devaluation would mean reductions of at least £10 on a two-week holiday in hotels on the Algarve coast.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1976/77 High	1976/77 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
††	Nil	—	9	6	Amalgamated Stores	6½	......	—	—	—	—
††	F.P.	—	53½	48	Harrisons Malay E. 10p	53½	+2½	F3.0	—	8.6	—
—	—	—	575	425	Rolinco Warrants	475	+25	—	—	—	—
61	F.P.	—	£28¾	£27⅛	Timeinc.Shoot ConvSk	£28½	−⅛	$1.15	—	2.5	—
—	F.P.	—	£33⅛	£26⅞	Utd Technologies US$	£26⅞	+⅛	Q$1.70	—	2.6	—

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1976/77 High	1976/77 Low	Stock	Closing Price	+ or −
††	F.P.	18/2	£105	98½	Adams Foods 15% Conv. 1981-83	105	......
£100	F.P.	—	99⅞	99½	Agric. Mort. 12% Bds. 1978	99½	......
£100	F.P.	—	99⅞	99⅛	Agric. Mort. 13½% Bds. 1979	99⅞	......
£100	F.P.	—	99⅞	99⅞	Agric. Mort. 13¾% Bds. 1980	99⅞	......
£100	F.P.	—	101¼	100⅛	Agric. Mort. 13⅝% Bds. 1978	101	......
£100	F.P.	—	101½	100⅛	Agric. Mort. 14½% Bds. 1979	101⅝	......
£100	F.P.	—	102¼	100⅛	Agric. Mort. 14⅝% Bds. 1980	102½	......
††	Nil	—	51p	50½p	Amalgamated Stores 6½% Cum. Pref.	51p	......
£98.58	£10	—	£10⅛	£10	Corp. of London 13¼% Deb. 1985	£10⅛	+⅛
✣£1	F.P.	19/1	231	101½	Dunford & Elliott 10% Conv. Red. Pref.	106	......
††£94	F.P.	28/1	98½	95½	Essex Water 9% Red. Pref. 1982	97	......
£98.50	£10	—	12⅛	10⅛	F.F.I. 14% Ln. 1985	11½	+⅛
£100	F.P.	1/4	114½	113¼	Mid Kent Water 9% Red. Pref. 1982	100	......
††	F.P.	1/12	87	70	Newman Inds. 10% Cum. Pref.	87	......
††£94	F.P.	7/1	98½	94½	Tendring Hundred W'works 9% Red. Pf. 1981	96½	......
£100	F.P.	—	$101	$100	Williams & Glyn's Bk. Float Rte Cap Notes 1984	$100½	......
—	F.P.	7/1	77	71	Willis Faber 7% Cum. Pref.	77	......

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Dates		1976/77 High	1976/77 Low	Stock	Closing Price p	+ or −
$2.75	nil	15/3	29/3	58	22	ANZ	32pm	......
$A4	$A2	—	3/12	470	395	Broken Hill Props	410	−5
100p	nil	—	—	185	175	Geevor	185pm	+5
$A1.75	F.P.	3/12	17/12	245	188	National Bank of Australasia	213	......
10p	F.P.	11/2	15/3	18½	10	Websters Publications	18½	......
10p	Nil	4/3	1/4	6	5	Weeks Assoc.	4pm	......
$A1.20	F.P.	18/6	—	197	111	Western Mining	121	−1

Renunciation date usually last day for dealing free of stamp duty. a Placing price to public. b Figures based on prospectus estimate. d Dividend rate paid or payable on part capital, cover based on dividend on full capital. p*** Pence unless otherwise indicated. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1977-78. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued by tender. ✣ Offered to holders of Ordinary shares as a "rights." ♥ 390 S.Afr. cents. ✦ Rights by way of capitalisation. †† Tender allotment price. ◆ Reintroduced. ⇄ Issued in connection with reorganisation, merger or take-over. ✤ Introduction. ♠ Issued to former Preference holders. ‡ Allotment letters (or fully-paid). ¡ Provisional or partly-paid allotment letters. ✧ With warrants. ⊕ After suspension. KD Kuwait Dinar.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1976-77 high	1976-77 low
Shell Transport	25p	15	518	+10	524	332
BATs Defd.	25p	14	223	+ 3	243	183
ICI	£1	13	339xd	+ 4	402	256
Marks & Spencer	25p	12	105	+ 5	108	70
Cons. Gold Fields	25p	11	175	+10	220	113
Courtaulds	25p	10	115	+ 6	169	73
Press (Wm.)	5p	10	44½	+ 5½	44½	17
Tricentrol	25p	10	144	+ 6	146	43
BP	£1	9	904	+10	930	557
Burton A NV	50p	9	72	+ 8	72	20
Commercial Union	25p	8	121	+ 6	158	75
GUS A	25p	8	186	+10	224	123
Lucas Inds.	£1	8	239	+ 4	250	128
Newman Inds.	25p	8	58	+ 8½	58	27
Tecalemit	25p	8	70	+12½	70	34

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).

OPTIONS TRADED

Calls were dealt in Town and City, Burmah Oil, Scottish Metropolitan Properties, Dowty, William Mallinson, Woodrow Wyatt, P. and O. Deferred, Leisure and General Associated Fisheries, Loraine, London and Manchester Assurance, Charter Cons., MY Dart, Premier Consolidated Oil, Bowater and Cons. Gold Fields, while doubles were arranged in Cavenham, Oil Exploration, Premier Consolidated Oil, Samuel Properties, Charter Cons., MY Dart and Burmah Oil. A short-dated double was done in Burmah Oil.

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Feb. 22	Mar. 7	May 19	May 31
Mar. 8	Mar. 21	Jun. 9	Jun. 21
Mar. 22	Apr. 4	Jun. 23	July 5

For rate indications, see end of Share Information Service.

FT ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon. Feb. 28, 1977 Index No.	Day's Change %	Est. Earnings Yield % (Max.) Corp. Tax 52%	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (Net) Corp. Tax 52%	Fri. Feb. 25 Index No.	Thurs. Feb. 24 Index No.	Wed. Feb. 23 Index No.	Tues. Feb. 22 Index No.
1	CAPITAL GOODS (173)	157.14	+2.1	18.54	6.14	7.97	153.89	155.91	155.02	155.10
2	Building Materials (31)	133.27	+2.0	19.13	7.30	7.77	130.70	132.31	131.76	130.57
3	Contracting, Construction (22)	210.49	+1.3	20.76	5.20	7.39	207.81	209.81	209.83	208.30
4	Electricals (16)	303.43	+3.1	16.41	4.78	9.03	294.41	300.52	299.23	294.28
5	Engineering (Heavy) (12)	202.32	+1.9	24.24	6.50	5.95	198.50	200.96	198.14	199.55
6	Engineering (General) (65)	144.72	+1.9	18.50	6.46	7.91	142.03	143.73	142.92	140.85
7	Machine and Other Tools (9)	75.30	+1.2	25.00	7.91	6.08	74.38	74.23	73.32	72.60
8	Miscellaneous (22)	135.40	+1.4	18.24	6.88	8.05	133.54	133.78	131.77	130.31
	CONSUMER GOODS									
11	(DURABLE) (53)	140.43	+1.6	18.64	5.15	7.99	138.25	138.82	138.17	137.24
12	Lt. Electronics, Radio TV (15)	156.58	+1.5	17.44	3.82	8.55	154.22	154.48	154.74	153.00
13	Household Goods (13)	147.60	−0.6	20.87	8.25	6.90	148.46	149.90	144.93	144.03
14	Motors and Distributors (25)	92.37	+2.3	19.72	6.19	7.60	90.34	90.90	90.37	89.50
	CONSUMER GOODS									
21	(NON-DURABLE) (170)	150.91	+2.7	15.78	6.59	9.34	147.00	148.70	148.24	146.25
22	Breweries (25)	160.08	+1.1	15.82	7.51	9.51	158.29	160.93	157.05	155.74
23	Wines and Spirits (6)	169.32	+1.9	14.90	6.69	10.30	166.22	169.20	163.98	162.10
24	Entertainment, Catering (15)	189.82	+2.2	16.63	7.29	9.11	185.72	187.99	186.85	183.26
25	Food Manufacturing (21)	164.23	+1.9	17.91	5.64	8.32	161.22	163.18	163.86	160.67
26	Food Retailing (17)	150.73	+1.4	13.94	5.44	10.39	148.69	149.96	150.61	148.85
32	Newspapers, Publishing (16)	244.99	+3.0	10.58	4.37	14.32	237.88	239.79	237.79	236.32
33	Packaging and Paper (12)	103.91	+1.2	17.48	7.76	8.78	102.66	104.08	104.23	100.79
34	Stores (35)	125.75	+4.3	12.33	5.68	12.52	120.53	121.76	122.36	120.74
35	Textiles (24)	148.28	+3.8	13.77	8.04	11.40	142.81	145.34	144.10	140.56
36	Tobaccos (3)	207.70	+2.8	22.20	8.66	5.99	201.98	205.08	203.07	201.38
37	Toys and Games (6)	83.08	+1.1	19.92	7.63	6.73	82.21	83.20	82.28	82.03
	OTHER GROUPS (95)									
42	Chemicals (20)	213.84	+1.2	17.56	5.42	7.67	211.26	215.73	214.80	212.49
44	Office Equipment (8)	96.69	+2.3	16.42	5.92	8.52	94.54	96.54	96.45	95.89
45	Shipping (10)	445.22	+1.1	12.13	5.90	11.82	440.31	443.90	445.68	442.22
46	Miscellaneous (51)	158.45	+3.0	16.45	7.62	9.12	153.99	156.20	156.28	153.76
49	INDUSTRIAL GROUP (496)	158.72	+2.2	16.88	6.27	8.62	155.26	157.32	156.77	154.83
51	OILS (4)	486.13	+1.5	8.76	3.60	13.22	478.73	481.85	480.75	479.03
59	500 SHARE INDEX	184.79	+2.1	15.30	5.75	9.25	181.01	183.17	182.57	180.82
61	FINANCIAL GROUP (100)	129.53	+2.5	—	6.15	—	126.42	127.90	128.61	126.95
62	Banks (6)	147.63	+1.3	24.85	6.46	6.19	145.75	147.53	148.43	147.01
63	Discount Houses (10)	164.65	+1.8	—	6.74	—	161.74	162.19	159.39	159.99
64	Hire Purchase (5)	110.83	−0.4	7.21	6.22	30.22	111.33	113.28	115.00	114.07
65	Insurance (Life) (10)	109.82	+2.6	—	6.89	—	107.00	107.79	107.49	105.99
66	Insurance (Composite) (7)	105.07	+4.3	—	7.04	—	100.74	101.42	102.39	100.95
67	Insurance Brokers (10)	260.90	+0.7	11.78	5.25	12.67	259.20	262.84	263.21	259.87
68	Merchant Banks (15)	65.70	+1.0	—	6.46	—	65.07	65.09	64.69	64.17
69	Property (31)	170.10	+3.4	4.30	3.32	37.72	164.58	168.72	170.46	167.43
70	Miscellaneous (6)	80.08	+0.2	18.83	10.76	8.21	79.91	80.77	80.60	81.64
71	Investment Trusts (50)	162.40	+0.3	3.32	4.84	31.10	161.88	163.34	163.06	161.74
81	Mining Finance (4)	93.95	+3.8	11.27	5.39	11.26	90.50	92.04	89.51	88.35
91	Overseas Traders (17)	248.42	+2.2	17.14	6.05	8.11	243.02	243.45	241.96	242.35
99	ALL-SHARE INDEX (671)	170.77	+2.1	—	5.77	—	167.26	169.21	168.81	166.90

	FIXED INTEREST	Monday Feb. 28 Index No.	Monday Feb. 28 Yield %	Friday Feb. 25	Thurs. Feb. 24	Wed. Feb. 23	Tuesday Feb. 22	Monday Feb. 21	Friday Feb. 18	Thurs. Feb. 17
1	Consols 2½% yield	—	13.52	13.59	13.69	13.58	13.67	13.67	13.65	13.64
2	20-yr. Govt. Stocks (6)	61.22	†12.73	50.73	50.90	50.92	50.59	50.43	50.66	50.72
3	20-yr. Red. Deb. & Loans (15)	49.87	†14.82	50.23	50.13	50.11	50.11	50.11	50.25	50.26
4	Investment Trust Prefs. (15)	49.43	14.07	49.64	49.68	49.73	49.73	49.73	49.82	49.82
5	Coml. and Indl. Prefs. (20)	67.78	13.32	68.30	68.39	68.11	68.20	68.07	68.06	68.07

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 20p.

NEW HIGHS AND LOWS FOR 1976/77

The following securities quoted in the Share Information Service yesterday attained new Highs for 1976-77. There were no new Lows.

NEW HIGHS (116)

BRITISH FUNDS (6)
INTERNATIONAL BANK (1)
CORPORATION LOANS (1)
LOANS (1)
BANKS (7)
BUILDINGS (1)
CHEMICALS (1)
CINEMAS (1)
DRAPERY AND STORES (6)
ELECTRICALS (7)
ENGINEERING (13)
HOTELS (2)
INDUSTRIALS (22)
MOTORS (2)
NEWSPAPERS (5)
PROPERTY (2)
SHIPPING (2)
SHOES (1)
TEXTILES (5)
TRUSTS (11)
OILS (2)
OVERSEAS TRADERS (2)
TEAS (2)
MINES (2)

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	[illegible]	[illegible]	[illegible]
Corpns. Dom. and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	[illegible]	[illegible]	[illegible]
Financial and Props.	[illegible]	[illegible]	[illegible]
Oils	[illegible]	[illegible]	[illegible]
Plantation	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Recent Issues	[illegible]	[illegible]	[illegible]
Totals	[illegible]	[illegible]	[illegible]

AUTHORISED UNIT TRUSTS

Chieftain Trust Managers Ltd.

30-31 Queen St., EC4R 1BR. 01-248 2832

High Income	30.5	32.8	+0.7	10.76
International Tst.	23.5	25.6	+0.2	2.07

INSURANCE, PROPERTY, BONDS

OFFSHORE AND OVERSEAS FUNDS

Portugal tourism

BASE LENDING RATES

[illegible]B.N. Bank	11½%	■ Hambros Bank	11½%
[illegible]ied Irish Banks Ltd.	11½%	■ Hill Samuel	§11½%
[illegible]erican Express Bank	12 %	C. Hoare & Co.	†11½%
[illegible]P Bank Ltd.	11½%	Julian S. Hodge	12½%
[illegible]nry Ansbacher	12 %	Hongkong & Shanghai	11½%
[illegible]nco de Bilbao	11½%	Industrial Bank of Scot.	11½%
[illegible]nk of Credit & Cmce.	11½%	Keyser Ullmann	12 %
[illegible]nk of Cyprus	11½%	Knowsley & Co. Ltd.	13 %
[illegible]nk of N.S.W.	11½%	Lloyds Bank	11½%
[illegible]nque du Rhone S.A.	12 %	London & European	13 %
[illegible]rclays Bank	11½%	London Mercantile	11½%
[illegible]nett Christie Ltd.	14 %	Midland Bank	11½%
[illegible]mar Holdings Ltd.	12 %	■ Samuel Montagu	11½%
[illegible]t. Bank of Mid. East	11½%	■ Morgan Grenfell	11½%
[illegible]wn Shipley	11½%	National Westminster	11½%
[illegible]ada Permanent AFI	11½%	Norwich General Trust	11½%
[illegible]ltol C & C Fin. Ltd.	12½%	P. S. Refson & Co.	11½%
[illegible]zer, Bowater Co. Ltd.	12 %	Rossminster Accept'cs	11½%
[illegible]dar Holdings	14 %	Royal Bk. Canada Trust	11 %
[illegible]arterhouse Japhet	11½%	Schlesinger Limited	12 %
[illegible]E. Coates	12½%	E. S. Schwab	13 %
[illegible]nsolidated Credits	11½%	Security Trust Co. Ltd.	13 %
[illegible]operative Bank	*11½%	Shenley Trust	14 %
[illegible]inthian Securities	11½%	Standard Chartered	11½%
[illegible]edit Lyonnais	11½%	Trade Development Bk.	11½%
[illegible]R. Dawes	12½%	Twentieth Century Bk.	13 %
[illegible]ncan Lawrie	11½%	United Bank of Kuwait	11½%
[illegible]gil Trust	11½%	Whiteaway Laidlaw	12 %
[illegible]glish Transcont.	12 %	Williams & Glyn's	11½%
[illegible]st London Secs.	11½%	Yorkshire Bank	11½%
[illegible]st Nat. Fin. Corp.	14 %		
[illegible]rst Nat. Secs. Ltd.	14 %		
[illegible]ode Durrant Trust	11½%		
[illegible]tony Gibbs	11½%		
[illegible]eyhound Guaranty	11½%		
[illegible]indlays Bank	‡11½%		
[illegible]inness Mahon	11½%		

■ Members of the Accepting Houses Committee.

* 7-day deposits 8%, 1-month deposits 8½%.

† 7-day deposits on sums of £10,000 and under 8%, up to £25,000 8½% and over £25,000 9%.

‡ Demand deposits 9½%.

§ Call deposits over £1,000 8%.

CORAL INDEX

Close 411-416

INSURANCE BASE RATES

† Property Growth	12 %
Cannon Assurance	10½%

† Address shown under Insurance and Property Bond table.

RE INDIC[illegible]

RISES AND [illegible]
YESTERD[illegible]

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1976/7 High	Low	Stock	£	+ or –	Yield Int.	Red.
103 1/32	97 7/16	Treasury 11½pc '77‡‡	100 3/32xd	–1/32	11.42	10.29
95 5/16	91 7/8	Treasury 3pc '77‡‡	95 3/16	–1/4	3.15	9.96
96	92¼	Transport 4pc '72-77	95⅝	.....	4.18	9.72
99 1/16	90½	Treasury 9pc 1978‡‡	98 5/16xd		9.12	10.45
101½	93⅞	Treasury 10½pc '78‡‡	99 15/16	+1/16	10.51	10.54
95¼	89⅝	Exch 5pc '76-78	94⅞xd	+1/8	5.27	8.55
103 31/32	92¾	Treasury 11½pc '79‡‡	100 1/4xd	+1/8	11.49	11.47
91¼	82¼	Treasury 3pc '79‡‡	90⅝xd	+¼	3.30	6.97
91⅛	82½	Electric 4½pc '74-79	90⅞xd	+¼	4.68	8.25
100 3/32	88⅞	Treasury 10½pc '79‡‡	97 11/16	+⅛	10.75	11.50
90⅝	82¼	Electric 3½pc '76-79	89½	+¼	3.91	7.87
97⅜	84½	Treasury 9pc 1980‡‡	97⅜xd	–⅛	9.24	10.03
96½	84 3/16	Treasury 9½pc '80‡‡	96⅛	+⅛	9.88	10.96
89¼	78¼	Treasury 3½pc '77-80	88½	+¼	3.95	7.50
90½	80	Funding 5¼pc '78-80‡‡	90	+⅛	5.83	8.80
103 11/16	96	Exchequer 13pc 1980‡‡	103 11/16	–1/16	12.54	11.73
103 1/16	88½	Treasury 11½pc 1981‡‡	100 11/16	+⅛	11.42	11.26
86	76¼	Treasury 3½pc 1979-81	85½	+⅛	4.09	7.83
96	82¾	Treasury 9¾pc 1981‡‡	96xd	+¼	10.16	11.01
103 3/4	96¼	Exch 12¾pc 1981‡‡	103 3/8	+3/16	12.31	11.71
94⅛	79⅞	Treasury 8½pc '80-82‡‡	93⅞	+⅛	9.05	10.10
81⅜	69¾	Treasury 3pc '82‡‡	81⅝	+⅛	5.67	7.50

Five to Fifteen Years

1976/7 High	Low	Stock	£	+ or –	Yield Int.	Red.
111	98¼	Treasury 14pc '82‡‡	108xd	+¼	12.89	11.71
107¼	86⅞	Treasury 12pc 1983‡‡	102¼xd	+¼	11.76	11.53
81⅞	69½	Funding 5½pc '82-84‡‡	81¾	+⅛	6.78	9.27
87⅝	74¼	Treasury 8½pc '84-86‡‡	87½	+⅛	9.85	10.86
75½	60⅛	Funding 6½pc '85-87‡‡	75⅜	+⅛	8.87	10.92
78	65⅛	Treasury 7¾pc '85-88‡‡	78	+⅛	10.03	11.44
55½	44⅛	Transport 3pc '78-88	55¼	+⅛	5.47	9.62
60⅜	48	Treasury 5pc '86-89	60⅜	+⅛	8.55	11.22
103¼	86½	Treasury 13pc 1990‡‡	98⅛	+1¼	13.43	13.52
75¼	61⅝	Treasury 8¼pc '87-90‡‡	75	+⅛	11.26	12.39
60½	47⅝	Funding 5¾pc '87-91‡‡	60½	+⅛	9.90	11.98
100½	83	Treasury 12¾pc '92‡‡	94⅝	+1⅛	13.67	13.81

Over Fifteen Years

Undated

**INTERNATIONAL BANK

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 38¾% (based on $US1.7132 per £)

Conversion factor 0.7220 (0.7217)

CANADIANS

S.E. List Premium 38¾% (based on $1.8000 per £)

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

INSURANCE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS—Continued

Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

1976-7 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
165	38	Coronation 25c.	50	......	Q5c	8.4	7.2
130	68	Falcon Rh.50c	93	......	Q35c	1.7	36.9
25	9	Rhod'n Corp. 16½p	12	......	0.56	6.0	7.2
195	120	Roan Cons. K4	140	......	—	—	—
178	140	Tanganyika 50p	163	−3	Q10.0	0.8	6.1
70	65	Do. Pref 80p	70	......	Q9	10.2	10.3
54	25	Wankie Col. Rh.1	30	......	Q7½c	1.5	24.5
46	14	Zam.Cpr.$BD0.24	23	+1	—	—	—

AUSTRALIAN

1976-7 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
33	16	Acmex 25c	16	......	—	—	—
165	82	Bougainville 50 Toea	98	−2	Q10c	ϕ	6.4
*225	90	B.H. South 50c	110	+3	—	—	—
75	3	G.M. Kalgoorlie $1	18	......	—	—	—
106	58	Hampton Areas 5p	96	+4	1.3	5.0	2.1
86	22	Metals Ex. 50c	24	......	—	—	—
24	12	Metramar 20c	14	......	—	—	—
294	184	M.I.M. Hldgs. 50c	210	......	†Q4½c	1.8	1.3
105	20	Mount Lyell 25c	20	......	—	—	—
3	2	Newmetal 10c	2	......	—	—	—
113	69	North B. Hill 50c	98	......	Q9c	1.3	5.7
9	4½	Nth. Kalgurli	5½	......	—	—	—
112	65	Oakbridge $A1	91	......	†Q9c	1.5	6.2
36	14	Pacific Copper	35	+5	—	—	—
£19½	525	Pancont'l 25c	750	......	—	—	—
17	8½	Parings M&Ex. 5p	9	......	—	—	—
492	310	Peko-Wallsend 50c	400	−5	Q15c	2.7	2.3
300	60	Poseidon 50c	75#	......	—	—	—
13	6	Vultan Min. 50c	7	......	—	—	—
9	4	Westmex 10c	4	......	—	—	—
*199	110	Westn. Mining 50c	125	......	Q5c	1.3	2.5
110	36	Whim Creek 20c	105	+5	—	—	—

TINS

1976-7 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
30	11	Amal. Nigeria	27	......	0.93	0.9	5.3
371	160	Ayer Hitam $M1	345	......	23.0	1.4	10.3
42	17	Beralt Tin	42	......	24.0	2.6	14.6
430	315	Berjuntai $M25	430	......	†Q1.5	ϕ	0.7
290	136½	Geevor	285	......	t17.87	—	7.6
14	6	Gold & Base 12½p	10	......	—	—	—
252	170	Gopeng Cons.	245	+5	†11.0	1.3	6.9
80	64	Hongkong	75	......	—	—	—
70	56	Idris 10p	65	......	7.15	ϕ	16.9
10	6	Jantar 12½p	9	......	—	—	—
42	11	Kamunting 15p	40	+1	‡7.0	1.2	‡
310	135	Killinghall	310	......	Q50.0	ϕ	16.1
247	168	Malay Dredging	243	+5	11.0	1.1	7.0
38	20	♦Pahang	27*	......	Q2.5	0.5	9.2
55	40	Pengkalen 10p	50	......	5.5	ϕ	‡
145	104	Petaling $M1	145	......	Q12½c	10.9	2.1
96	19	Saint Piran	91	......	†3.12	2.5	5.3
101	64	South Kinta (10p)	100	+3	7.5	0.6	11.5
207	105	Sthn Malayan	193	+6	11.8	1.1	9.4
62	31	Sungei Besi $M1	60	......	—	—	—
45	29	Supreme Corp. $M1	45	......	2Q10	—	5.5
55	40	Tanjong 15p	53	......	4.64	b1.8	13.5
65	40	Tongkah Hrbr. $M1	65	......	Q16.92c	0.3	6.5
110	58	Tronoh $M1	95	......	†4.29	2.0	6.9

COPPER

1976-7 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
65	35	Botswana RST P2	40	......	—	—	—
335	136	Messina R0.50	165	+5	Q45c	2.8	19.7

MISCELLANEOUS

1976-7 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
10	8	Burma Mines 17½p	9	......	0.1	ϕ	1.8
35½	15½	Charterhall 5p	26	+½	—	—	—
90	28	Colby Mines $C1	68	−6	—	—	—
950	420	Cons. Murch. 10c	480	+20	Q140c	ϕ	21.1
440	245	Northgate C$1	430	+20	—	—	—
239	132	R.T.Z.	194	+6	g5.96	2.1	4.7
112	55	Sabina Inds. C$1	60	......	—	—	—
£15⅞	£10	Tara Exptn. $1	£12⅞	+⅛	—	—	—
50	32½	Tehidy Minerals 10p	49	......	t1.19	2.2	3.7
145	84	Yukon Cons. C$1	129	+6	Q6½c	ϕ	1.9

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ■ "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ♯ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- •• Free of Stamp Duty.
- + Merger bid or reorganisation in progress.
- ♯ Not comparable.
- ♠ Same interim, reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♦ Regional price.
- ‖ No par value

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 42

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	18	......
Ash Spinning	34	......
Bertam	16	......
Bdg'wtr. Est. 50p	148	+4
Clover Croft	21	......
Craig & Rose £1	360	......
Dyson (R.A.)	23	......
Ellis & McHdy	59	......
Evans Fr'k 10p	25	......
Evered	12½	......
Fife Forge	49	......
Finlay Pkg. 5p	16	......
Graig Ship. £1	310	......
Hallam Sleigh 10p	9½	......
Higsons Brew	78	......
I.O.M. Stm. £1	135	......
Holt (Jos.) 25p	200	......
Kleen-e-Ze	42	......
Lovell's Ship £1	180	......
N'thn. Goldsmith	26	......
Pearce (C. H.)	80	......
Peel Mills	13	......
Robb Caledon 5p	48	+2
Sayers 12½p	20	+1
Sheffield Brick	74	......
Sheff. Refrshmt.	150	......
Shiloh Spinn	21	......
Sindall (Wm.)	49	......

IRISH

Stock	Price	+ or −
Conv. 9% '80/82	£86¼	......
Alliance Gas	49	......
Arnott	225	......
Carroll (P.J.)	135	......
Clondalkin	36	......
Concrete Prods.	73	......
Helton (Hldgs.)	28	......
Ind. News	45	+1
Ins. Corp.	130	......
Irish Distillers	55	......
Irish Ropes	110	+4
Jacob	45	......
Sunbeam	16	......
T.M.G.	118	......
Uoldare	50xd	......

OPTIONS

3-month Call rates

Industrials					
A. Brew	6½	Hawker Sidd.	40	Tube Invest.	30
A.P. Cement	18	House of Fraser	0	Unilever	40
B.S.R.	10	I.C.I.	25	Utd. Drapery	7½
Babcock	8	"Imps"	7	Vickers	15
Barclays Bank	25	I.C.L.	14	Woolworths	6
Berry Wiggins	5	Inveresk	7	**Property**	
Beecham	32	Ladbroke	11	Brit. Land	3½
Boots Drug	12	Legal & Gen.	12	Cap. Counties	3
Bowaters	16	Lex Service	5	E.P.	5
B.A.T.	21	Lloyds Bank	22	Intreuropean	7
British Oxygen	6	"Lofs"	5	Land Secs.	14
Brown (J.)	17	London Brick	5	MEPC	7
Burton 'A'	6	Lonrho	8	Peachey	6
Cadburys	5	Lucas Inds.	20	Samuel Props.	4½
Cavenham	10	"Mams"	7	Town & City	1½
Courtaulds	10	Mrks. & Spncr	10	**Oils**	
Debenhams	8	Midland Bank	25	Brit. Petroleum	60
Distillers	13	Nat. West. Bank	22	Burmah Oil	8
Dunlop	6½	Do. Warrants	9	Shell	20
Eagle Star	11	P & O Dfd.	12	Ultramar	14
E.M.I.	20	Plessey	7	**Mines**	
Gen. Accident	17	R.H.M.	5	Charter Cons.	15
Gen. Electric	17	Rank Org. 'A'	16	Charterhall 5p	4
Glaxo	36	Reed Intl.	20	Cons. Gold	15
Grand Met.	7	Revrolle	12	Rio T. Zinc	18
G.U.S. 'A'	18	Spillers	4		
Guardian	18	Tesco	4		
G.K.N.	25	Thorn 'A'	22		
		Trust Houses	13		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Tuesday March 1 1977

Silkin tells EEC to end surpluses

BY ROBIN REEVES

BRUSSELS, Feb. 28.

THE SITUATION which led to cheap butter exports to the Soviet Union must not be allowed to occur again, or grow worse, Mr. John Silkin, Minister of Agriculture, said here to-day.

After meeting Mr. Finn Gundelach, Brussels Commissioner for Agriculture, Mr. Silkin told a Press conference it was absurd that EEC farm *surpluses had arisen in the first* place.

But he expressed sympathy with the Commission's difficulties in getting rid of the immediate surplus. "My own way would be to let schools have it."

He recognises, however, that this would be far more expensive to the Commission's agricultural budget than exporting the butter with the help of subsidies.

He had voiced the feelings of the British public towards such sales, but the final decision on what to do rested with the Commission, which had to take other factors into account.

In his talks with Mr. Gundelach, Mr. Silkin said they had both been much more concerned that the problem should not grow.

Similar view

To this end, they shared a "fairly similar view" on the need for a freeze in the EEC guaranteed milk price to discourage excess milk production. (The Commission has proposed a price freeze until September, whereas the U.K. is calling for a 12-month standstill.)

They also agreed that the Commission's "milk action programme" aimed at promoting a better equilibrium in the EEC dairy market through a package of measures, should be dealt with "speedily" by the Council of Ministers.

This would be either as part, or ahead of, the EEC's annual price review negotiations. The negotiations are due to be completed by the end of March.

He had been "very much assured as to the future" by the discussions, Mr. Silkin added.

The original reason for his visit to Brussels had been to discuss the U.K. subsidy to pig producers, which is the subject of Commission legal proceedings.

Next moves

The talks had encouraged him to hope that, given reasonable time, a *Community solution*—which he "would prefer"—could be found.

The Commission's 13-man *executive is due to discuss its* next moves, both on the pig subsidy question and export subsidies for butter, probably on Wednesday.

On the same day, the present suspension on the granting of application for the pre-fixing of butter export subsidies is due to expire.

Reuter adds from Paris: The first consignment of the 10,000 tonnes of Common Market butter bound for the Soviet Union is being lodged for shipment, Inter-Agra, the French exporters, said.

NEDO housing strategy report blocked

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

DISAGREEMENT over the findings of a report on future housing strategy prepared for the National Economic Development Office has led to a delay in its publication.

The report, compiled over the last 18 months by a 26-member sub-committee with members from all areas of the housing field, appears to have suffered the same fate as the Government's own housing finance review, repeatedly delayed by disagreement in the Government over its findings.

The NEDO committee was established to examine the whole range of housing, from analysing the underlying cause of existing problems to anticipating future patterns of consumer preference. It is believed that the objectors to publication *form* a *minority* on the committee, and that several members have become increasingly annoyed about the delay.

The report was completed towards the end of last year. It claims that an overwhelming number of people would, given the chance, opt for home ownership, and suggests that substantial increases in rent are inevitable if mounting housing subsidies, three times as much as tax relief on a private house, are reduced.

It is thought that some members disagree with many of the statistics on which arguments and *conclusions* have been based, and say that as the whole basis of many suggestions is suspect, they will not agree to their release.

A three-man team headed by Sir Kenneth Wood, chairman of Concrete, has been given the task of re-examining the report with a view to producing *something* acceptable to the whole committee. The three men have had only one meeting. Others are expected soon.

Defence cuts of £430m. by 1979

By Michael Donne,
Aerospace Correspondent

CUTS OF £200m. in defence spending in the coming financial year and further cuts of £230m. in *1978-79*, are designed to "slim the tail, not blunt the teeth" of the armed forces, according to Mr. Fred Mulley, Defence Secretary.

When the annual Defence White Paper was issued yesterday, Mr. Mulley suggested that although it spelled out in some detail the growth of Warsaw Pact conventional forces, the West "should not be too alarmed nor too complacent.

"*Many people would like us* to increase defence spending but what matters is the contribution our forces make in the main line."

White Paper

The White Paper says that the proposed £200m. cuts in the coming year (of which £100m. were announced last July and £100m. last December), would be made by reducing the equipment procurement programme by £75m., cutting works expenditure by £64m., and by making miscellaneous cuts in research and development, support and administrative costs.

These are not analysed in detail, although the White Paper does say that there will be a limited accelerated rundown of civilian manpower, to achieve the target of a cut of 23,500 by March 31, 1978. By that time, the total civil labour force on defence will be 274,900.

Nor does the White Paper give further information on the likely targets for the extra £230m. of spending cuts planned for 1978-79. Studies are in hand on this and decisions will not be taken for some time, it says.

Decisions

In the search for savings, the "over-riding objective will be to keep to *the minimum* the effect of the reductions on our front-line contribution to the Alliance. There will be early consultation with Nato."

After the cuts had been made in 1977-78, the defence budget would be nearly £6.33bn., equivalent in real terms to £5.45bn, at 1976 survey prices, after allowing for pay and price rises over the past year of £882m.

The defence budget is about 5½ per cent. of the estimated GNP at factor cost for 1977-78, equivalent to 5 per cent. of GDP at *market prices*.

Further details, Page 38
Editorial Comment Page 18
Details Page 38

Wilson backs call to divide Treasury

BY RUPERT CORNWELL, LOBBY STAFF

SIR HAROLD WILSON has become the second former Prime Minister in a week to support publicly growing demands for a split in the Treasury that would hive off its public expenditure division into an enlarged civil service department.

Mr. Edward Heath, in an appearance before the Commons Select Committee on expenditure last week had already backed an idea canvassed originally last month by Sir John Hunt, the Cabinet Secretary.

Sir Harold yesterday told the same committee that a strong case existed for at least examining the scheme.

But he insisted on the proviso that the Cabinet should always at the outset decide on a total for expenditure for it to be parcelled out by a reinforced Civil Service Department.

Sympathy for the increasingly fashionable idea is to be found within the present Cabinet, and Mr. Callaghan himself voiced his misgivings over the Treasury's handling of the economy during the run-up to December's IMF package.

But in last month's Government reshuffle, he promoted Mr. Joel Barnett, Chief Secretary to the Treasury and thus the Minister in charge of public spending, to full Cabinet status — *effectively* reinforcing rather than reducing the Department's weight.

Other *options*

Of the other options canvassed by Sir John Hunt, Sir Harold vigorously opposed any transfer of the staffing side of the Civil Service Department back into the Treasury, from which it was separated on the recommendation of the 1968 Fulton Report.

Finally, if the existing demarcation were retained, he repeated his known support for the creation of a small committee of senior *Ministers* (including the Lord President *and* the Lord Privy Seal) from non-spending departments to form a "neutral tribunal," to have a say on how spending cuts should be allocated.

Parliament Page 16

Corporation tax payments higher

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

PAYMENTS OF corporation tax so far during the main annual tax-paying season for companies are sharply higher than a year ago.

Inland Revenue receipts of corporation tax in January were £1.11bn.—51 per cent. up on the same month last year. This reflects the recovery in gross trading profits in 1975-76, since tax is paid after a gap of about nine months, and the rather smaller amount of tax relief arising from stock appreciation then.

The January increase probably overstates the underlying improvement because of the speeding up in the payment of taxes, reflecting higher interest charges on late payment.

Allowances

A better indication may be given by the cumulative increase *in corporation tax payments* in the first 10 months of the financial year of nearly 34 per cent. to £2.42bn. This is slightly larger than the increase forecast for 1976-77 as a whole in the financial statement in last April's Budget.

The increase is unlikely to mean a full *recovery* after the sharp fall in corporation tax payments in 1975-76 from £2.86bn. to £1.99bn.

This reflected both the squeeze on company profits and, more significantly, the impact of the relief on stock appreciation introduced in November, 1974, to ease the liquidity position of the corporate sector.

Over the longer term, the proportion of total Inland Revenue receipts coming from corporation tax has fallen sharply from 19.3 per cent. in 1970-71 to 10.9 per cent. in 1975-76.

In addition to the stock appreciation relief, allowances against tax of various kinds on investment have meant that now some companies are paying relatively *little* or no *mainstream* corporation tax and their only payments are of advanced corporation tax associated with dividend payments.

The continued recovery in gross trading profits and the likely fall in the amount of stock appreciation relief should mean *that* corporation tax payments increase again during the next financial year.

This is already fairly clear since tax payments are made about nine months after the period in which the profits were earned.

However, the proportion of *total tax receipts* coming from this source is unlikely to rise to previous levels unless there are major changes in the structure of taxation.

THE LEX COLUMN

A critical look at funded pensions

The experience of the past few years in which real returns on long-term investments have disappeared has imposed heavy strains on funded pension schemes. Defenders of the status quo will argue that negative real returns cannot persist for long if the market economy is to survive. But there are other possibilities, and last night the Institute of Actuaries debated a paper by Mr. J. R. Trowbridge which deserves attention well beyond the confines of the profession.

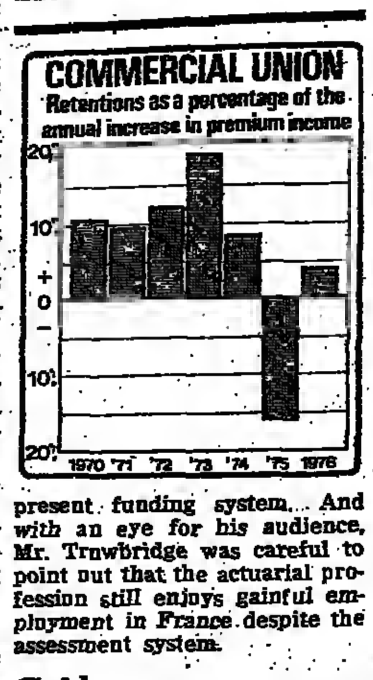
The paper discusses the way that funded occupational pension schemes have disappeared in France — for largely historical reasons— and have been replaced by schemes operating on the "assessment" principle, *whereby to-day's workforce* supports to-day's pensioners. Contributions are shared out among beneficiaries according to *formula such as a points system.*

Important advantages are claimed over funded schemes. Pensions are automatically related to current salary levels, for instance, and there is inflation-proofed preservation of accrued rights when it comes to changing jobs. There are, however, a number of pre-conditions for the successful operation of such a system. It needs to be extended to as much of the working population as possible, and to be compulsory and permanent for all eligible members. If there is more than one scheme, there needs to be an annual transfer to reflect varying ratios of active to retired persons, so that declining industries are not penalised. The security risk is spread across the working population.

Against this, the original rationale of funding—as presented by Mr. Trowbridge—is looking less powerful than it used to. This was that the accummulation of assets provided the only guarantee that the pension contract would be fulfilled, while investment income offered an extra return over the years. But the fact that thrift is now penalised rather than rewarded has turned some of these assumptions upside down. And although it can be argued that reduced long term savings would lead to lower investment by industry, this is not confirmed by statistics for countries which rely largely on unfunded schemes.

In these circumstances the paper calls for an objective and critical examination of the present funding system. And *with* an eye for his audience, Mr. Trowbridge was careful to point out that the actuarial profession still enjoys gainful employment in France despite the assessment system.

Index rose 9.0 to 410.7



Gold

Ahead of tomorrow's IMF gold auction, the gold price rose by another $3 to $143, yesterday, and the renewed enthusiasm for the *yellow* metal has certainly spilled over into the share market. After dropping by a fifth in January, the FT mines index has risen by 40 per cent. in February and over in North America forgotten names such as Campbell Red Lake and Homestake Mining are close to new 1976-77 peaks. U.S. selling, reflecting nervousness about the political situation in *Southern Africa, has* died down and Continental fund managers (particularly the Swiss) are increasing their bullion portfolios.

Last year gold fabrication demand rose by nearly half in volume terms and the latest annual bullion review from *Samuel Montagu underlines the* much healthier demand picture. Though supplies of gold to the market rose by just over a third in 1976 — Russian sales doubled to 300 tons and the IMF and China sold another 200 tons — Far Eastern demand more than doubled to 330 tons and Middle Eastern offtake almost quadrupled to 380 tons. On the strength of this strong fundamental demand, investment buying has recovered sharply after last year's setback and if previous auctions are any guide, the return of a competitive bid system at tomorrow's auction could give the price a further boost.

Commercial Union

Commercial Union [illegible] profits at the pre-tax [illegible] heading for a further [illegible] stantial gain during [illegible] Underwriting losses [illegible] from £94.1m. to £58.8m [illegible] mainly to the U.S., where operating ratio has [illegible] by 7.5 points to [illegible] and seems likely to be [illegible] points better than that [illegible] hence. The U.K. account made losses (4.7 per [illegible] premium income) for [illegible] time in eight years [illegible] expected to do better [illegible] year.

All in all, the group [illegible] be hoping to halve [illegible] writing losses in 1977 [illegible] case a pre-tax total [illegible] £90m. could be in [illegible] pared with 1976's [illegible]

But the longer term [illegible] remain unanswered. [illegible] worth of £359m. [illegible] per cent. of premium [illegible] compared with a [illegible] average of nearer 50 per [illegible] for the other six major [illegible] year's retentions could [illegible] treble the £8.7m. of 1975 [illegible] still be relatively small [illegible] relation to premium [illegible] in the region of £1[illegible] is not too much room [illegible] manoeuvre in a [illegible] capitalisation of £375m. [illegible] shares at 121p, yielding [illegible] cent., need their yield [illegible] tage of a couple of points [illegible] the rest of the sector.

Sedgwick Forbes

Following closely [illegible] Howden's 70 per cent. [illegible] profits gain Sedgwick [illegible] has recorded a 62 per cent [illegible] to £16.8m. (after a [illegible] sion provision) confirming [illegible] as an *annus mirabilis* [illegible] UK insurance brokers [illegible] £2m. of Sedgwick's [illegible] flected the fall in [illegible] the chief factor was [illegible] increase in volume [illegible] allowed the expense [illegible] drop 4 points to 68 per [illegible] Moreover, favourable [illegible] capital movements had [illegible] the group's liquid balance [illegible] almost £60m. by the year [illegible] does not separate out [illegible] receipts from [illegible] revenue).

The group is still [illegible] about business volume [illegible] year, but profits growth [illegible] well slow to 20 per cent [illegible] and it may require [illegible] weakness of *sterling* to [illegible] the shares to outperform [illegible] market; at 259p the yield [illegible] per cent.

CBI launches campaign to control pay

BY OUR GLASGOW CORRESPONDENT

THE Confederation of British Industry is to launch a campaign for a new system of pay determination, based on "what the nation can afford" rather than free collective bargaining.

Announcing this yesterday in Glasgow, Mr. John Methven, CBI director-general, said such a system must be devised over the next 17 months to lead "softly" out of Phase Three of the social contract when it *ended* in *July* 1978.

He said free collective bargaining had become inherently inflationary, primarily because the power of organised labour had become so strong.

"What is needed is some long-term system of relating pay claims and settlements to what the nation can afford, rather as happens in West Germany or Sweden," he said. "In that way everyone is better off."

The U.K. was still much too weak economically and in terms of balance *of power* to *contemplate* anything but a tough Year Three.

At the monthly business affairs meeting of Glasgow Chamber of Commerce, Mr. Methven attacked last week's Government consultative document on the future of price controls, describing it as "extremely worrying."

The proposals were "another example of surrender to trade union pressure." *He listed* the CBI's basic objections: It feared industry's already depressed profitability could be severely damaged, harming prospects for investment, efficiency and jobs;

Uncertainty created by the discretionary powers of the Prices Board chairman and the Secretary of State would hit business confidence;

Protection

Retention of net and gross profit margin controls, and work in dealing with both price increases and general investigations, meant bureaucracy was being perpetuated.

The CBI prices negotiating team was preparing representations to the Government, concentrating on changes designed to reduce the inherent damage to profits, investment and jobs, to limit uncertainty, to protect companies against arbitrary use of discretionary powers and to reduce administrative burdens.

"We must try to ensure that the Government's proposals for the future of price control do not stand in the way of a major improvement over the coming years in industrial profitability."

It was in the interests of nobody with the success of Britain at heart to see companies remain "crippled by low profitability."

"Even the hoarse critics of profits from the extreme Left over the past 18 months are forced to admit that profits have gone into investment in fixed and working capital, robbed of their usual claims of fat dividends by the dividend controls, and of fat directors' salaries by the £8,500 cut-off on the current £4 limit."

The facts showed that profits was not a dirty word, but that most people had no *idea* how low profitability really was.

"It is time for each of us to take the initiative, to explain profitability to employees and others, and to work unashamedly on the Government to adopt policies which will allow companies to at least double their real profitability by 1979 at the latest."

On the TUC's Budget proposals Mr. Methven said that while at first glance the sums proposed for income-tax cuts were similar to the CBI's suggestions, there was no accord between the two.

The CBI had calculated its tax proposals to spread the effect of the cuts so that there was something for everyone, an average 5 per cent. increase in take-home pay for both managers and skilled workers.

"But the TUC has nothing for the middle and top salary bands. Their proposals are not as equitable as ours."

Recycling of waste 'could save £200m.'

A "SAVE AND RECYCLE" scheme could save Britain £200m. on imports, Mr. Bob Cryer, Under-Secretary of State, industry, said in Bradford yesterday.

Mr. Cryer, opening an exhibition on waste recovery, said that household rubbish was the largest potential source for recovering materials which industry needs. It was uneconomic for local authorities to separate materials, but he wanted to encourage voluntary groups.

Too many things were being thrown away and if a workable voluntary code on packaging could not be achieved, legislation would have to be considered.

Continued from Page 1

Warning for Leyland

meeting on other business and the strikers—whose unofficial committee continues to demand a meeting with the executive—hope that he may be able to *establish* a line of *communication*. Neither the executive nor British Leyland recognises the committee.

Last night Mr. Terry Duffy, AUEW Midlands executive member, made a renewed appeal to the unofficial strikers — who are demanding separate negotiating *rights* — to go back to work.

"The company is sympathetic to their case and we are sympathetic," he said: "They should now return to work and allow us to help them." Emotion, rather than common sense, would be ruling if the stoppage continued.

All car production at *Longbridge* came to a standstill [illegible] the toolroom strike halted the Mini yesterday — the third separate strike to disrupt Mini output within a week.

There has been no production *of the other car built at Longbridge*, the Allegro, for nearly a week because of the toolroom action.

At least 14,000 Leyland workers are idle now as a result of the toolroom strike and the number is likely to increase today as the full impact of the *Mini shutdown* spreads through Longbridge.

The total lay-off position eased yesterday when maintenance mechanics at Cowley ended a strike over new working arrangements which had stopped Marina production and made 6,000 other workers idle, and Jaguar workers [illegible] Coventry *returned after* settle[illegible]t of another dispute.

Weather

U.K. TO-DAY

Mostly dry. Bright spells. Some rain in W.

London, S.E., E., N.E., Cen. N. England, E. Anglia, E. Midlands, Borders, Edinburgh, Dundee, Aberdeen, Glasgow, Moray Firth, Cen. Highlands, N.E. Scotland, Orkney, Shetland

Fog at first. Dry. Sunny spells. Wind S light or moderate. Near normal. Max. 6-8C (43-46F).

N.W., Cen. S. England, W. Midlands, Channel Islands, Lake District, S.W., N.W. Scotland, Argyll

Dry. Bright spells. Near normal. Max. 7C (45F).

S.W. England, Wales, Isle of Man, N. Ireland

Cloudy. Some rain, gales near coasts. Hill fog. Max. 9-11C (48-52F).

Outlook: Mainly dry. Sunny spells, overnight fog. Rain in W. Temps. near normal.

● Forecast for next 30 days: After dry spells, more unsettled weather likely, with wet and dry intervals. Temps. ranging from below average in N. to near average in S. Near-average rainfall. N.W. Scotland drier than usual.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Alexandria	C	20	68	Madrid	F	15	59
Amsterdm.	C	4	39	Manchstr.	S	5	41
Athens	C	16	61	Melbourne	R	14	57
Barcelona	S	16	61	Milan	S	9	48
Belfast	C	5	41	Montreal	C	3	37
Belgrade	C	2	36	Moscow	C	−9	15
Berlin	F	2	36	Munich	F	−1	30
Brmnghm.	S	4	39	Newcastle	S	4	39
Bristol	S	5	41	New York	S	9	49
Brussels	S	4	39	Oslo	S	−1	30
Budapest	S	1	34	Paris	S	5	41
B. Aires	S	26	80	Perth	S	35	95
Cairo	S	25	78	Prague	C	−2	28
Cardiff	C	4	39	Reykjavik	C	5	41
Cologne	S	3	37	Rio de J'o	S	35	93
Copnhgn.	C	3	37	Rome	S	14	57
Dublin	C	5	41	Singapore	S	28	82
Edinbrgh.	S	5	41	Stockhlm.	C	−3	27
Frankfurt	S	2	36	Strasbrg.	S	3	37
Geneva	S	4	39	Sydney	R	20	68
Glasgow	S	4	39	Tehran	S	10	50
Helsinki	S	−5	23	Tel Aviv	S	18	64
H. Kong	S	[illegible]	60	Tokyo	C	13	55
Jo'burg	S	23	74	Toronto	C	1	34
Lisbon	C	15	59	Vienna	F	0	32
London	S	5	41	Warsaw	Sn	−3	27
Luxembg.	S	1	34	Zurich	S	2	36

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Ajaccio	S	15	59	Jersey	F	7	45
Algiers	F	20	68	Las Palms	S	24	75
Biarritz	C	15	59	Locarno	S	11	52
Blackpool	S	4	39	Luxor	F	32	90
Bordeaux	C	12	54	Majorca	S	18	64
Boulogne	S	4	39	Malaga	S	22	72
Casablnca	F	22	72	Malta	F	16	61
Cape Tn.	S	27	81	Nairobi	C	20	68
Corfu	R	16	62	Naples	F	13	55
Dubrovnik	S	7	45	Nice	S	15	59
Faro	F	17	63	Nicosia	C	19	66
Funchal	S	20	68	Oporto	C	16	61
Gibraltar	S	20	68	Rhodes	C	16	61
Guernsey	F	6	43	Salzburg	S	−2	28
Innsbruck	S	2	36	Tangier	F	22	72
Inverness	S	2	36	Tunis	F	17	63
I. of Man	S	5	41	Valencia	S	21	70
Istanbul	C	10	50	Venice	S	8	46

F—Fair. S—Sunny. C—Cloudy. R—Rain. Sn—Snow.

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